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CRIMES AGAINST THE ELDERLY: LET'S FIGHT BACK

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

RENO, NV, AUGUST 21, 1990

LAS VEGAS, NV, AUGUST 22, 1990

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This 92-pound Nevada woman was beaten [illegible]
200-pound son, who is now in jail for [illegible]
her.

CRIMES AGAINST THE ELDERLY: LET'S FIGHT BACK

TUESDAY, AUGUST 21, 1990

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Reno, NV.

The committee met, pursuant to notice, at 8:45 a.m., at the Washoe County Senior Center, 1155 East 9th Street, Reno, NV, Hon. Harry Reid (acting chairman of the committee) presiding.

Present: Senator Reid.

OPENING STATEMENT BY SENATOR HARRY REID

Senator REID. The Special Committee on Aging will come to order.

I would like to thank everyone for coming here and welcome them. The Special Committee on Aging is grateful to those who will testify as witnesses, especially those who are victims of crimes against seniors. I admire the strength and courage of the victims for coming forward. Your testimony may be frightening, but will soon serve to make the lives of other seniors better.

We have all heard about the savings and loan mess that is now before us. The numbers are so big they are almost meaningless. Let me give you some facts, though, about this savings and loan scandal that everyone can understand.

We have all heard about Lincoln Savings and Loan, but how many folks know about American Continental Corporation? I will tell you some people who know about this company. That is senior citizens in Washoe County, and people who live in Reno and Sparks, surrounding areas like Lovelock and Fallon, who invested in Lincoln certificates of deposit. At the time they were great investments, those certificates of deposit, until Lincoln folded—went broke.

But at least they were insured until the slick-talking con artists at American Continental called those senior citizens in Reno and Sparks when their CD's matured. Those crooks talked elderly investors into reinvesting their funds in American Continental. That was a great investment, too. It paid an even higher rate of interest. But there was only one catch. These slicksters forget to mention that the funds were uninsured.

When Lincoln folded, those seniors literally lost everything they had. I think it takes a special kind of low, vicious person to prey on the elderly. Unfortunately, we have seen the beast in Nevada more often than anyone would like to admit.

Crimes against the elderly come in many forms. Those who victimize the elderly take the valuables the elderly have worked all their lives to earn, or take a senior's health, or even his or her life. Their urge to feed on the vulnerabilities of seniors knows no bounds, no decency, not even friendship or even ties of love or parenthood come in the way sometimes when money is a controlling factor.

Imagine how this woman felt. A lady who had made her home in Sparks for herself and her adult son—imagine how she felt when she fell behind in her house payments. Her son arranged to refinance the house. What he forgot to tell her, though, was that the mortgage company—and the mortgage company also forgot to explain this to her—had the title of her home transferred from her name to his name.

Imagine how she felt when her own son threw her out of her home for which she had literally worked all the years of her life.

Imagine another woman whose daughter cared for her, but she cared little. She cared so little that she left her mother untreated and unwashed for days on end, weeks on end. She cared so little that the woman literally developed bedsores to the bone. She cared so little that her mother died from these bedsores.

These stories I tell you are not stories someone made up in Washington. They are actual cases. These are actual case histories from the Washoe County District Attorney's office. These are stories of real men and women. Their stories, of course, are horrifying. But they are no worse than some of what we are going to be told here today.

I appreciate the fact that what you are doing here, telling us about a reality of life for many seniors, takes a special kind of courage. It takes moral fiber as well as in many instances actual physical bravery for victims to reveal the crimes that these beasts have committed against those who are entitled not just to our protection, but to our love, admiration and gratitude.

These are people, most of the time, who survived the depression, won the war against the darkest forces of tyranny, and who built a post-war Nation of which the whole globe now sings praises. The incidence of elder abuse is up 50 percent in the last 10 years, from 1 million victims in 1980 to 1.5 million victims today.

While States spend an average of only $45 per child for protective services, they spend a minuscule $3.80 for each elderly resident per year for protective services. This is in spite of the fact that 40 percent of family abuse involves elderly victims.

The senior population in Nevada has doubled in the last 10 years. Given that this is the fastest growing State in the Nation, our senior population will continue to expand. Because of the recent growth in Nevada, more crimes are committed against seniors than even last year, certainly more than a few years ago. It is time to fight back. I want seniors to be aware of the types of criminals—and that's what they are—that may take advantage of them so that they can protect themselves.

Let's take the action now to prevent crimes before they happen. Crimes to be aware of include robbery, assault, and battery, and various physical types of abuse. Criminals also use deception to victimize senior citizens. These criminals will claim that for a price

they can get you a bigger Social Security check, they claim that they want to help you handle your finances when you are feeling a little under the weather, they may even threaten you physically and emotionally in the very home in which you live.

We have here a blown-up letter.[1] Even though it is blown up, you may not be able to see it from where you sit, perhaps. But if this came as a letter to you, you certainly could see it. It did come as a letter to many senior citizens. This blown-up copy of a letter was sent by some unscrupulous people to prey upon seniors just like you. If you see the envelope in which the mailing was sent, it looks as though it was sent by the FBI, the Federal Bureau of Investigation.

It was actually sent by the FBI, the Fountains Bureau of Invitations, promising a free car, among other things, if you go to the Fountains Resort to pick up your gift. Implying an affiliation with Government undoubtedly lures the attention of many who would just throw this away as junk mail.

When I was campaigning for the Senate, I never used direct mail. I haven't used it because I thought no one read it. But I have found that over 70 percent of the people that get direct mail, that's the only mail they get. The vast majority of the people that get junk mail read every line of it. So this letter from the FBI is not something most people would throw away. Most people would read it.

There are other examples of where Government agencies like the Internal Revenue Service, and FBI, are falsely represented to senior citizens who are members of minority ethnic groups, such as Hispanics, which inundate seniors with false and fraudulent mail from the INS-the Immigration and Naturalization Service, they think. Only in this case INS is not the Immigration and Naturalization Service.

This is one type of crime we want to prevent against seniors, and that's why we are holding this hearing under the auspices of Chairman David Pryor of Arkansas, Chairman of this Committee. This hearing, which is being recorded, will be taken to Washington, transcribed, and disseminated among the members of the Aging Committee.

Today's hearing also will address the problem of mail fraud, physical abuse, and financial exploitation directed against the elderly. We will hear from social workers and experts in criminal justice, people who devote their life to this type of crime, crime prevention, geriatrics and gerontology. We will hear from Nevada citizens who are victims of crimes against seniors.

As some of you know, the Senate Special Committee on Aging has the duty of fact-finding, the duty of holding hearings so that we may develop recommendations, and legislation and administrative actions to help senior citizens. Because this is a formal hearing of the U.S. Senate, we are limited to a designated number of witnesses. But should any of you here today have information to offer, I encourage you to call any one of my offices or fill out one of the cards we have brought to this hearing.

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[1] See Appendix, p. 121.

We are also going to reserve time when this hearing has been completed, for some questions and comments.

So let's listen to the stories and the testimony today, because I think we will all benefit. What we will learn today will provide a strong argument for reauthorization of the Older Americans Act, as well as passage for the representative Payee Abuse Prevention Act and for the Health Insurance Counseling and Assistance Act of 1990.

We will begin the hearing with a panel of three witnesses. The first panel should include a victim. I will note from the beginning that as an example of what happens with senior victims, this 82-year-old woman, who until early this morning was going to come and testify. Her testimony had been gone over by my personal staff. She knew what she was going to say.

But she was frightened this morning by the very people, who are causing her problems. They in effect told her she had better not come and testify today. So she is not going to come and testify. I am going to read the testimony she prepared, which certainly is a perfect example of what happens to senior citizens in the State of Nevada and throughout the United States.

After I read this senior victim's testimony, we will hear from Tina Neuneker, of Adult Protective Services of Nevada State Welfare, who has been extremely helpful to us in preparing this hearing. We are going to hear a national overview from Dr. Arnold Greenhouse, the Director of Geriatrics and Gerontology at the University of Nevada at Reno, and also Chief of Geriatrics and Extended Care at the Veterans Hospital here in Reno.

First, let me read to you the aborted testimony of a woman by the name of Romayne Frommer. She would have said:

STATEMENT OF ROMAYNE FROMMER, AS READ BY SENATOR REID

Senator REID [reading]:

I am 82 years old and have lived here in Reno since 1952. I met my husband here on the West Coast. He was a doctor. He died in 1968, so you can see I have been alone for quite some time now.

My husband and I had no children. His early passing, combined with the fact that I had no family in this area, is probably what led me to become involved with the people I did. About 20 years ago I befriended two lonely little girls, they were twins. As these girls grew up—they are now in their 20's—they often had meals at my home. They often spent the night at my home.

Because these girls had minimal parental supervision when growing up, they started getting into trouble in their teens. A lot of the trouble they caused was directed against me. I would like to tell you about what I have been through with these girls, including how I have tried to help them and myself.

When the girls were about 16, they started stealing from me. At first it was $20 here and there or some jewelry. I reported them to the police, and the girls were sent to Caliente, a girls' school in Lincoln County. When they got out, they came back to me and continued to steal from me. Obviously, rehabilitation did them no good.

I love and care about these girls—remember these girls are now in their 20's. I stopped reporting them to the police because I didn't see what good it did. The girls continued to steal from me, sometimes as much as $400 at a time.

The girls began drinking heavily. It makes me very nervous when they are around me like this. They yell at me, using every swear word in the book. They push and hit me. When I reported this to the police one time, a judge tried to fine them and force them to do community service, which I am sure they never did. They just came back to my house, and they keep stealing from me and hitting me.

The social workers at State welfare want me to press charges and get a restraining order against these girls before they steal more or hit me more. But I don't see what good this would do. They always get out and just come back. These girls do hurt me a lot, but I feel responsible for them. How can I turn my back on them? They are the only family I have.

I want to help them, but I must also help myself, only I'm not sure how.

Thank you.

This is the testimony that Ms. Frommer would have read here today, this morning, had she not been frightened away from this hearing.

Now we will hear from Tina Neuneker. Will you please proceed with your testimony?

STATEMENT OF TINA NEUNEKER, SOCIAL WORKER, DEPARTMENT OF HUMAN SERVICES, WELFARE DIVISION, STATE OF NEVADA

Ms. NEUNEKER. Good morning. My name is Tina Neuneker, and I am a social worker for the State Welfare Division, and I perform adult protective services. My services are derived directly from the Nevada Revised Statutes, the Elder Abuse Law.

I try to protect senior citizens in Washoe County, anybody 60 years of age or older, from abuse, neglect, or exploitation. There are two Adult Protective Social Workers in all of Washoe County, and we cover the entire county. We have approximately 30 to 50 new referrals every month. What we try to do is go out and investigate, and try to protect the senior citizens of the county.

Usually the reports concern self-neglect, seniors who don't take care of themselves. But increasingly, we see people who are being physically abused, roughly 5 percent of our cases involve this physical abuse. Usually it is a senior citizen who lives with a family member or somebody who is like a family member. This person might have some kind of drug or alcohol problem or be disabled in some way, so they are dependent upon the senior citizen for shelter, for food, for basic necessities.

Usually this is not a good situation, there is a lot of tension and abuse results. People get into arguments, they disagree. Usually the senior citizen gets hurt.

What we try to do is encourage people to file police reports so that the police can take the abusing person out of the home. Usually senior citizens do not want to press charges. Like Mrs. Frommer, they feel it does no good. So the only thing we can do at that point is ask them to remove the abusing person from their home.

Sometimes the person leaves, but usually they end up coming back after a period of time. The abuser is back in the home, there is a period of peace, and then the abuse begins again. We are powerless to do anything to protect the senior citizen if they do not press charges. There is not much we can do except help them nurse their wounds once they are wounded again. Basically the case is dropped. We can't do much of anything at all. There is no law to back us up to take the abusing person out of the home. So we can't do much, we are pretty limited.

The other thing we see happening quite a bit is neglect of a family member, a senior family member, that borders on abuse. These neglected seniors are the kind of people that need a lot of

care, they live with their family, and may be dependent for everything. They might need someone to feed them, to make sure they are dressed in the morning, to make sure they have their medication properly, to make sure that they get to the doctor, these kinds of things.

The senior citizen might be disoriented or confused. What happens is that the family tries to keep the parent at home, not realizing that they cannot sustain the burden, they can't take care of this person the way they should. Sometimes the senior needs 24-hour-a-day care that the family cannot provide. That's when we get called in to provide resources for the family or to try and get the senior citizen out of the home.

Often when a child takes over for their parent, they also take over the finances. This is where we run into a lot of trouble. Sometimes children come to believe that their parent's money is their own money, and they use this money for their personal expenses, their bills. The senior citizen has no money to pay for his/her care. They are at the mercy of their child, and the child does not want to put up money for their parent's care.

Sometimes we have people who are so blatant that they say for instance "I can't put my dad in a nursing home because we need his check to pay the mortgage." So then he stays in the family home. We have had severe cases where we have had people, at least one gentleman, padlocked in his room when his family is away at work, so that he would not wander off. We have called the police in these situations, they investigate, but usually unless they catch the active abuse, there is nothing they can do. So it gets dropped. And the senior citizen stays in the family home, and we are pretty powerless to take them out of the home.

We are limited. We try our best. We try and tell people it's against the law to do these things. If the family responds, then we feel lucky. If they don't respond then there is not much we can do.

The other thing we see happening quite a bit is financial exploitation of the elderly. That seems to be increasing in this county. So many times senior citizens are dependent on other people to complete basic chores around the house, they need someone to help them shop, clean house, help them take a bath. They often rely on people they have never known—they meet someone who promises to take care of them for the rest of their lives. All they want is enough money so they can do this job.

What happens is that the seniors become dependent on this person, the senior citizens pay enormous amounts of money to have someone take care of them, and the person leaves when the money is gone. Sometimes they are confused, they don't know where their money is or how much they have. Again, they are prime targets to have their money ripped off. They put someone else on their checking account, not even knowing who it is, but the person promises them he/she will help pay the bills. That kind of thing happens all the time.

We try to establish a guardianship, or alert a family member so someone can take over the finances. Sometimes all we can do is help the person by utilizing whatever resources are in the community after they have nothing left. That happens quite a bit. I think

what would help the situation most is if people were aware that it happens.

Even if you see something that you don't know for sure if it is abuse or neglect or even someone being taken a little bit for their money. Report it to anyone you can think of. Our offices take calls daily. I would rather have someone overreact than under-react about what's happening, and we can investigate and find out what is really going on.

We are limited as to what we can do, but we try to do everything in our power to protect senior citizens. It is my hope that through hearings like this, people will become more aware, and there will be stronger laws made to protect senior citizens.

Thank you.

[The prepared statement of Ms. Neuneker follows:]

BOB MILLER
Governor

STATE OF NEVADA
DEPARTMENT OF HUMAN RESOURCES
WELFARE DIVISION
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JERRY GRIEPENTROG
Director

LINDA A. RYAN
Administrator

20 August 1990

Senator Harry Reid
United States Senate
Washington, D.C. 20570

RE: CRIMES AGAINST THE ELDERLY

Dear Senator Reid,

I am a social worker for the Nevada State Welfare Division. My exact title is Adult Protective Services Social Worker. I attempt to help any Washoe County Resident over the age of sixty who is in danger of or is being exploited, neglected or abused. The main framework of Adult Protective Services is derived from the Nevada Revised Statute pertaining to abuse, neglect and exploitation of the elderly (NRS 200.5091). I have attached a copy for reference. I have worked at my position for fifteen months.

There are two Adult Protective Social Workers who cover all of Washoe County. We receive approximately 30 to 50 referrals a month. Many of these referrals involve individuals who are neglecting to address their personal needs. In the past year, however, I have noted an increase in reports concerning elderly persons being financially exploited or physically abused.

The percentage of people I see who have been physically abused is small--roughly 5%. The abuser is often an adult child who suffers from a mental illness or an alcohol/drug dependency. This person lives with his aged parent(s) and often resents how much he/she must rely on others for food, shelter, and the meeting of all other basic needs.

The elderly person is usually not afraid to speak of the family disagreement that lead to her broken hip or bruised limbs. The victim will recant story after story of how her child suddenly became angry and threw her against the wall or pushed her to the floor. Sometimes the abuser is antagonized by his/her parent. Other times, the elderly person can recall little or no behavior that could elicit such a violent response. The local police may be called in to the home, but the officers are rarely able to intervene in the dispute as it is a "family matter".

I typically try to encourage the victim to press criminal charges against the abuser, but this seldom occurs. The elderly victim does not want to get anyone into trouble or feels she may deserve the abuse for some reason. "Maybe the child did not receive enough love from me when he was younger, so he is taking it out on me now."

If the abused person refuses to press charges, there is little that I can do. I advise the elderly person to ask the abusing person to leave the home permanently. Sometimes this happens. Most of the time, the abuser leaves for a short period of time and then returns to the home after everything has died down. There is a period of peace usually, but the abuse will eventually begin again.

I am powerless to protect this abused person. I can do nothing to remove anyone from the home. Calls to other family members typically elicit no response. Members of the family are usually aware of the problem but exhibit the same belief that the senior does. They do not want to make waves.

I also inform the victim and the abuser of the law "protecting seniors from abuse, neglect and exploitation". Elderly people usually are unaware this law exisits. The senior may use this information as a form of protection, i.e. threatening arrest, but is usually does little good. The abuser would best benefit from mental health intervention or a drug rehabilitation program in most cases...not jail time, but there is no way I can make the abuser seek help against his/her will. The elderly victim does not offer these suggestions to the abuser either as it would just start another round of fighting. Because most of the abuse incidents have not been criminally reported, a judge cannot court order an abuser out of the house and into treatment. Therefore, the situation remains the same.

I have also witnessed an increase in the neglect of an elderly family member that borders on abuse. Referrals of this nature usually involve a senior who is confused or physically dependent on others for daily care. The role of caregiver typically falls on an adult child who is unprepared or unable physically or mentally to take on this burden.

The aged person may be incontinent or unable to bath independently. She may be disoriented to person, place or time and unable to met any of her basic needs without total assistance or verbal direction. All meals may need to be prepared by someone else and may need to be fed to the senior. The adult child will have to take on total responsibility for the aging parent. This responsibility includes making sure the senior is not left without proper supervision at all times and that the bills are paid.

Problems arise quickly in this situation when the care the elderly person requires is comparable to that found in nursing homes. A child is often reluctant to send his parent to a nursing home, because "I promised mom that I would never let her go into one of those places." This child usually works and does not have the money to hire someone to care for "mom" while he is away. Some community resources can be accessed to assist the senior, but it is seldom enough to provide the amount of care the person ideally requires.

When our office receives referrals concerning this type of situation, the arrangement has usually disintegrated to the point that the senior is at tremendous risk for injury or death. The elder may have been unwashed for days. She may be in dirty clothes stained due to incontinence. She may be malnourished, because no one wants to cook or feed her properly. Medical needs may be neglected, and prescriptions may be left unfilled.

The elderly person may wander aimlessly around the house or the neighborhood with no supervision. The senior may be so confused that she would have no idea how to summons help if there was an emergency. Using the phone may be beyond the person's comprehension. The aged person may even be at risk for setting the house on fire by careless, unmonitored smoking. In one extreme case, my co-worker has seen an elderly gentleman padlocked into his room when the family is not around to watch him. This, of course, was "for his own protection."

Money often appears to be a motivating factor in keeping a parent at home as long as possible. A child who handles a parent's money may come to believe that the funds are "the family's money." This is not the case, but it is next to impossible to convince the adult child that he/she is not entitled to any money the parent may possess unless it is specified in a will and the parent is deceased. The child becomes unwilling to place a parent as she/he does not want to spend the "family's money" on the senior's care. Some children deny that they spend their parent's money on their personal bills. Others have no qualms about stating that "we need dad's pension check to pay the mortgage."

Again, I attempt to encourage the child to place his parent into an appropriate care facility by noting NRS 200.5091. I use whatever service referral or report, i.e. doctor's, home health's, homemaker's, to make it evident to the child that the neglected parent needs and is entitled to appropriate care regardless of cost. Many times law enforcement is sent in to investigate the situation.

As in the before mentioned abuse cases, I am powerless to force a family to make appropriate care arrangements for a elderly family member. Although I make the family aware of the Elder Abuse Law, I can do little to make sure it is enforced. I have known no individuals who were arrested for neglect of a senior citizen. I am unaware of any case in my agency that ended with an individual being convicted of breaking the Elder Abuse Law and being properly punished. Typically my attempts to have an elderly person properly attended to are thwarted, and I can do nothing. The elderly person remains in the family home and continues to be neglected.

In my work, I have run across numerous senior citizens who have been exploited financially. These seniors are often demented to some degree or are dependent on their exploiter for personal care. Often financially exploited individuals are lonely and feel they need to pay someone to pay attention to them.

Exploited individuals are often manipulated into believing that they will have an undying companion if they make sure the person is properly paid. I have one client who bought her "friend" a car to make sure this pal would have a way to come and see her regularly. One of my clients signed over the title of her house, because her "friend" assured her she would be taken care of properly for the rest of her life. This "friend" has since moved away. Confused seniors have put total strangers on their checking accounts, because the strangers were nice to them and offered to assist them in paying bills.

These are just a few examples of how seniors are taken advantage of every day. I attempted to protect these individuals by establishing a guardianship over their funds and their person if necessary. Other times, family members are unaware of the problems going on in the senior's household and will oversee their affairs, so they are no longer exploited. Unfortunately, in some cases, my intervention does no good. The senior has been wiped out of all resources. When this occurs, all I can do is help the senior overcome the losses as much as I possibly can through emotional support and community resources. This is not much comfort to an individual who has lost everything. It is the best help I can offer, however.

It is my hope that the legislative bodies of this state and of this nation become aware of the problem through public testimony like the hearings being held at the Senior Citizen's Center. It is my belief that public ignorance of the problem must be overcome before we as a state can properly protect our senior population. People must be educated about the problems facing our senior citizens and informed where to report crimes against the elderly so that the elderly person can receive the help he or she needs. Law enforcement should be educated, so officers can recognize the crimes being committed and intervene. I believe the legislation concerning Elder Abuse must be made more specific, so it can be enforced in a court of law.

I realize this will take time. It is my hope that the examples I have offered in this letter will make you better aware of what is going on in Washoe County. It is my assumption that the situation is basically the same in some of the larger counties in this state. I can only imagine that the problem will become worse if we wait to intervene.

Sincerely,

TINA NEUNEKER
SOCIAL WORKER II
ADULT PROTECTIVE SERVICES

Senator REID. Thank you.

We are now going to hear from the next panelist, Dr. Greenhouse, and then I will have some questions for both of you.

STATEMENT OF ARNOLD H. GREENHOUSE, M.D., DIRECTOR OF GERIATRICS AND GERONTOLOGY, UNIVERSITY OF NEVADA AT RENO, CHIEF OF GERIATRICS AND EXTENDED CARE, VETERANS HOSPITAL, RENO, NV

Dr. GREENHOUSE. Thank you, Senator Reid. I have a very loud voice, and if I somehow blast a few of you out of here, please indicate, so I don't hurt anyone's ears. I don't want to be responsible for abuse.

I am a geriatrician. A geriatrician is a physician who takes care of the elderly. This is a very important issue in the State of Nevada. Senator Reid told us that Nevada is the fastest growing State percentage populationwise in the Nation. We now and for the last 2 years have been number one in the percentage growth of population past 65 years of age. This growth is increasing and increasing. The problems being dealt with today, as has been eloquently stated already, are problems that will multiply in the coming months and years.

Senator Reid also pointed out that crimes against the elderly have many faces. There are lots of different crimes. I am looking at this from the viewpoint of a physician who takes care of older people. I will repeat a few things that have been said already, that's always the problem with being third on a panel, most of the things you wanted to say have already been said. So if I repeat myself, my apologies.

I do want to point out that abuse can be very subtle. It can look so different to some people, and it may not be realized as such. Derogatory comments—the word "senile" is prevalent in our society. The older population, we use the word. My definition of "senile" is any old person you don't like. And it is used that way, constantly, by the press and by many individuals. Discrimination in jobs and housing are a problem for the elderly, and involuntary institutionalization, which occurs frequently, is another concern that perhaps merits more attention than it has been given.

One thing I will touch on a little bit in a few minutes is something that happens, a form of physical abuse against the elderly which is practiced in our institutions, in our hospitals and nursing homes, the use of restraints, both physical and chemical, which are a subject of great interest to me, simply because they are widely used, widely accepted, and not viewed as a form of abuse. Yet they are a serious form of abuse, which I think needs further Federal legislation and attention.

The elderly, as has been pointed out, are very vulnerable to abuse. There are many reasons for this—society's attitudes toward the elderly, who are not valued as highly as somebody else who is working and contributing money and taxes. The economic needs of a population which has a fixed income and thus is vulnerable to promises, scams, and schemes. The elderly often are physically frail, and physical frailty is an invitation to physical abuse in many instances.

On top of that are the psychological, emotional, intellectual problems of some older persons whose thinking ability may be impaired. My point as a geriatrician is that most older people don't have impaired thinking, but society views them as having impaired thinking, another type of subtle abuse which we constantly exercise

As a physician I just wanted to emphasize one form of quackery. We heard about the FBI. Quackery exists constantly. You hear about it every day, in the newspaper, over the radio, on television. Vitamin ads are a form of quackery. Food supplements are a form of quackery. People who promise potency, vigor, restoration of health, things that any of us know can't be given in any way by any modern means we have, yet people buy it. There are suckers who constantly seek to accept these. The elderly are very vulnerable to that.

Financial abuse has also been discussed, and I won't reiterate that. But one form of abuse which is important exists in families. Often that is not well realized, but familial abuse does occur, and in my experience as a physician it is one of the hardest things to pick up, because people are very reluctant to testify or admit that they are being physically or mentally or financially taken advantage of by their family members. It does happen, it is very difficult.

I have known patients who have had broken bones, all sorts of serious physical injuries and absolutely denied it and excused it in any way possible. Time does not permit me to tell you how I as a physician look at it and recognize this type of abuse, but it really is an important issue.

I would chide our Congress, not Senator Reid, of course, but many people in our Congress. I think as a society, we abuse the elderly, because we have not really paid attention to the provision of medical services. It is tragic that in a country which has probably the best medical care system in the world, we have one of the poorest, most inadequate medical care delivery systems.

I think as a society, we abuse our older population by leaving so many unattended and uncared for. Long-term care for the elderly, a vital and serious problem, is still not properly addressed in this country. The only way you can get long-term care is to finally throw yourself on the largess of the Government and the State in the hope that they will not take everything from you because you have to go to welfare to have one of your loved ones supported in a nursing home or long-term care facility. I think this is a serious form of abuse that again merits further attention.

We have heard about the types of abuse, and about passive and active neglect. Active neglect is when the needs are not provided for, passive neglect is when people are just ignored and not paid attention to. There is verbal abuse, which we see constantly, derogatory names, bad comments, just as bad as physical abuse. It is a difficult matter.

Financial abuse, violation of rights, people put away against their will in nursing homes or other facilities, people restrained without their consent—and I will deal with that in a minute or so—and of course we have heard about self-abuse, where older people really don't take care of themselves or seek the services they need.

I want to deal for a minute with physical and chemical restraints used in institutions because people really don't think about it very much. They are prevalent throughout hospitals and nursing homes. I will tell you, and this is really shocking in a country which has the greatest and best medical care system, despite our inadequacies in delivering that health care, the only country in the world where we restrain, tie down, over-medicate the elderly is the United States. No other country in the world does this, but we do it, and we accept and buy it to some extent because our medical care system is driven by the legal profession. Doctors now are scared to death because they may get sued.

The use of restraints in the acute hospitals is up to 25 percent of the time, and in nursing homes, depending on who you look at, 35 to 85 percent of nursing homes tie down their older people. Risks for being tied down, physically or chemically restrained increases with a decreased intellectual ability and with increasing age. Those are risk factors for being tied down and having your freedom deprived in an institution.

Why is it done? It is done to "help" the older patient, to keep him or her from hurting themselves. These are excuses that are used. It is also used to control behavior that people don't like. If you tie them down and they tend not to do things you don't like, then you don't worry about it. It is appealing, because restraints are easy to apply, they are sanctioned by everyone. Compliance of a tied-down person is assured, and it is cheap. You don't have to hire a lot of nurses to look after people, it is a lot simpler to tie them to a bed or a chair.

What are the downsides of this? Function is seriously impaired. The most important thing I can tell you as an older person to do is to keep moving. Keep active. I could spend hours telling you why this is important. But if you are tied down, you cannot do this. The results of being restrained often are injuries. The restraints are used to prevent injury—they do not. They cause injury. If there is incontinence and you are tied down, you cannot go to the toilet. It leads to infection, and to a high death rate.

This is done because hospitals and nursing homes talk about getting sued if they don't do it. The truth of the matter is that there has never been a lawsuit successfully prosecuted in the United States or Canada for failure to restrain. But that doesn't deter hospitals and nursing homes from using these devices. There are moral and ethical issues concerned, and society really has an obligation to protect individual freedom.

Restraints are used without consent of the individual being restrained. They are an infringement of rights, and they are a deterrent to health.

What can be done about them? Happily, Congress did do something, at least for extended care facilities. There is an act called OBRA, the Omnibus Budget Reconciliation Act of a few years ago, Senator Reid can tell you much more about that than I can. But to some extent restraints of the elderly in nursing homes have been looked at.

My plea is that further legislation come down the pike for any patient, Medicaid or Medicare, for whom care is being provided, that there is a strong interdiction against the use of drugs to keep

people from misbehaving, in someone's view, or restraints to keep them from moving. This should not be allowed for patients who are in programs which are federally-funded or in which the Federal Government has some type of responsibility.

Restraints are no substitute for good nursing care, but they are used as such. Legislation should insist that orders for restraints be written by physicians, that they be renewed at least daily. I can assure you this does not happen in hospitals or nursing homes, and that every alternative to their use be explored.

I will stop at this point, but I do want to again emphasize that there are many forms of abuse and that the type I just discussed is a major one in our institutions.

Thank you.

[The prepared statement of Dr. Greenhouse follows:]

A REVIEW OF ELDER ABUSE

Arnold H. Greenhouse, M.D.

NATURE OF THE PROBLEM

The subject of "Crimes Against the Elderly" is broad and complex. These "crimes" include everything from outright physical injury to deceptive advertisements. The latter may encompass, among others, extravagent claims about vitamins, food supplements, insurance and home repairs. Abuse can take many forms ranging from subtle discrimination and many faces ranging from subtle discrimination through derogatory comments to deprivation of freedom through involuntary institutionalization or the use of restraints. The elderly are quite vulnerable to all of these "crimes." This discussion will briefly review the reasons for this vulnerability, the types of abuse and the use of restraints, the latter being a relatively unknown aspect of the problem.

VULNERABILITY OF THE AGED

The elderly are susceptable to the many abusive practices mentioned above. Reasons for this susceptability range from social values and attitudes toward the elderly to their physical frailties and economic needs. Among these are a not uncommon diminution of physical strength and stamina. Some older persons live, often alone, in high crime neighborhoods. They rely on walking or public transportation making them visible targets for attack. For various reasons they are especially susceptible to fraudulent promises and quick wealth schemes, the latter precipitated by low fixed incomes. Many scams directed at the elderly relate to health. Quackery often is based on evoking anxiety about health or economic security. The many messages to part the elderly from their money involve expensive health insurance, funeral arrangements, cemetery plots, devices designed to restore vigor and innumerable "miracle cures." The aged tend to be lonely, another factor contributing to their vulnerability. Many older persons have had their savings accounts plundered by unscrupulous salespersons and "con men."

The elderly are not immune to abuse by family members, a fact which perhaps is not well appreciated. When problems of this type occur, they often are viewed as "family affairs" and "nobody else's business!" Professionals may be reluctant to intervene under such circumstances. Health care workers are aware that the elderly are reluctant to admit abuse whether it be financial, verbal or physical. The latter often is dismissed as due to falling or some other unpreventable event. At times, aged victims of family abuse are unaware of what has happened.

Society has major responsibilities to dealing with the increasing vulnerability of the rapidly growing elderly population. Denigration of the old occurs daily in conversations, jokes, advertisements and an overall societal perceptions. Many consider the old as worthless. Even seniors make unkind remarks about themselves, not always in a joking fashion. The term "senile" is prevalent in our society and, unfortunately, is applied to any disliked old person. Being dependent, as is the case with many older persons, is undesirable in our society.

EXTENT OF THE PROBLEM

As already intimated, abuse of the elderly takes many forms. Types of abuse include the following:

1. Passive Neglect: The elderly person is left alone or forgotten, the "abuser" often being unaware of the resulting consequences.

2. Active Neglect: Unnecessary items for daily survival including food, medicine, companionship and assistance are withheld.

3. Verbal/Emotional/Psychological Neglect: The "abuser" uses insults, provokes fright, intimidates, threatens, humiliates and calls names.

4. Physical Abuse: Included herein are hitting, slapping, actual beatings, sexual molestation and even physical or chemical restraints.

5. Financial Misappropriation: This broad field of concern ranges from monetary or material theft through misuse of property to the many schemes and scams used to separate the elderly from their money.

6. Violation of Rights: The elderly person is forced to move, usually from his/her home, to another setting, usually a nursing home. Often these actions are taken without warning or explanation.

7. Self-Abuse: Many elderly persons abuse themselves either by not seeking care or by the use of substances such as alcohol or medications. Frequently, self-abuse is associated with a diminution of intellectual capacity.

PHYSICAL AND CHEMICAL RESTRAINTS

"The use of restraints is listed above in the heading entitled "Physical Abuse." This problem is often neglected by professionals and the public in general when they talk about elder abuse. A major reason for this neglect is that restraints usually are applied by health care providers (particularly nurses and physicians) in order "to protect the patient." Attached is an outline on the use of physical restraints which I presented at a conference entitled "Elder Abuse: Past, Present and Future" which was held in Reno on May 11-12, 1990. This same conference also will be given at the Flamingo Hilton Hotel in Las Vegas on September 17-18, 1990. These conferences are sponsored by the Department of Veterans Affairs, the Ioannis A. Lougaris VA Medical Center in Reno, the Geriatric and Gerontology Center at the University of Nevada, Reno and the Southern Nevada Health Education Centers. My remarks on the use of physical and chemical restraints in the elderly are outlined in an attachment entitled "Institutional Abuse" which was presented at the Reno conference and also will be given in Las Vegas. The term "institutional abuse" is employed because restraints of both the physical and chemical variety generally are used in institutions including hospitals and nursing homes.

INSTITUTIONAL ABUSE

Arnold H. Greenhouse, M.D.

1. DEFINITIONS
   - MECHANICAL appliances designed to inhibit free movement
   - CHEMICAL pharmaceuticals given with specific and sole purpose of inhibiting specific behavior or movement

2. HISTORICAL ASPECTS
   - UNITED STATES only country allowing widespread use
   - MENTAL HOSPITALS
     - Common Usage for centuries throughout world
     - Nonrestraints important concept, long history
       - Paris 1794 removal of "chains and fetters"
       - York, England 1813 "moral treatment"
         - Kindness promotes self-control
         - Do Not Use if impractical
       - Lincoln Asylum, England 1830 abandon
     - American Experience last century
       - Must Restrain "liberty loving Americans"
       - Nonrestraints "preposterous"
       - American Insanity "more violent"
       - Therapeutic Value of restraints

3. RESTRAINTS AND THE NURSING PROFESSION
   - FIRST AMERICAN TEXTBOOK OF NURSING
     - Clara Weeks 1885
     - Use of Restraints aggravates rather than helps
   - SUBSEQUENT NURSING TEXTBOOKS
     - Often deplore use of restraints
     - Then describe how to use restraints
   - BY MID 1920s
     - Justification for Restraints prevent self-injury
     - Types of Restraints sheets, jackets, then leather
     - Philadelphia General Hospital remove 3 times daily

4. HISTORY OF RESTRAINTS - THE PAST 50 YEARS
   - POPE'S TEXTBOOK OF NURSING late 1930s
     - Do Not Use emphasized
     - How to Use described extensively
   - DURING THE 1940s
     - Siderails introduced
     - "Protectors" euphemism for restraints
     - Introduce simultaneous use arm & leg restraints
   - DURING THE 1950s
     - "Geri-Chair" Los Angeles 1958
     - Posey Company late 1950s
       - Advertise restraining devices
       - Emphasize restraints are pleasant
     - Slogan for Restraints "sing a song of safety"
   - DURING THE 1960s
     - First Textbook of Geriatric Nursing

- Newton 1960
  - Restraints not mentioned
- California Legal Opinions 1960s & 1970s
  - Routine Use in Elderly supported
  - Safety emphasized

THE CURRENT SCENE

- Widespread Use of Restraints
  - Common in many settings
  - Acute Care rarely questioned
  - Nursing Home under increasing scrutiny
- Continuing Arguments Favoring Restraints
  - Cheaper need less personnel
  - Safer prevent injury
  - Litigation if not used
- A Renewed Debate
  - Moral & Ethical aspects
  - Research restraints are dangerous
  - Legal restraints increase injury
  - Legislative new laws diminish use

5. FEDERAL LEGISLATION AND REGULATION

- MEDICAID pay for nursing home care
  - Increasing Regulation of many types
  - Physicians visits & notes required
  - Physical Therapy requirements
  - Nursing Staff R.N. must be on duty
- REAGAN ADMINISTRATION
  - Attempted decontrol nursing homes
  - Rebuffed by Congress
  - Restraints Discouraged no enforcement
- OBRA (OMNIBUS BUDGET RECONCILIATION ACT)
  - Use of Restraints limited
  - Cannot Use convenience or discipline
  - Physician must write orders
  - Must Explain use to families

6. THE FREQUENCY OF USING RESTRAINTS

- ACUTE HOSPITAL
  - Reported Incidence 7-22%
  - Overall close to 8%
  - Periods Low Nurse Staffing probably higher
  - Age as a Risk for Restraint Use
    - 55 and Older 17%
    - 70 and Over 20% or more
- NURSING HOMES
  - Higher than acute hospital
  - Reported Incidence 25-85%
  - Almost All Use 95% plus
- ASSOCIATED FACTORS
  - Influence of Age already noted
    - Irrespective of Setting hospital or nursing home
  - 60% of Restrained over age 70
  - In Many Hospitals almost all over age 60
- Cognitive Impairment
  - Significant Predictor restraint use
  - High Prevalence among elderly
  - Age Differences in Use of Restraints
    - May Disappear under following circumstance
    - Variable of Cognition controlled
  - Other Admission Factors predicting use of restraints
    - Surgery to be done
    - Monitoring Devices needed
    - Treatment Devices required
      - Nasogastric Feedings
      - IV Lines
      - Endotracheal Tubes

7. TYPES OF RESTRAINTS AND DURATIONS OF USE

- DATA little information available
- NATURE of these devices
  - Multiple Restraints the rule
  - Wrist Restraints most commonly used
  - Chest or Jacket Restraints next most common
- RESTRAINT USE BY LOCATION
  - Waist or Lap
    - Extended Care
    - Elderly in general
  - ICU wrist and chest
- DURATION OF RESTRAINT USE
  - Overall 3 days mean
  - Elderly 3 weeks mean

8. THE BASIS OF RESTRAINT USE
   - MOST COMMON RATIONALE
     - Prevent Injury
     - Both Self and Others
   - INTERVIEWS OF NURSES
     - Protect Patient or Others
     - Control Behavior
     - Nursing Care Decisions
       - In Response to specific behaviors
       - Restraints Favored 90% of time
   - APPEAL OF RESTRAINTS
     - Immediate Impact on behavior
     - Easy Application no training necessary
     - Accessibility ready
     - Sanctioned by administration
     - Compliance assured
       - Force Cooperation with medical regimens
       - Socially Deviant Behavior controlled
       - No Requirement patient's consent
       - "Good Body Alignment" obtained
   - Noncontroversial readily accepted

9. EFFECTS OF USING RESTRAINTS
   - FUNCTIONAL CAPACITY
     - Serious Losses documented
     - Gait markedly impaired
     - Balance & Steadiness decreased
   - BIOCHEMICAL AND PHYSIOLOGICAL EFFECTS
     - Muscle Mass decreased, loss of strength
     - Bone demineralization
     - Joints stiffness and contractures
     - Circulation Changes
       - Blood Pressure orthostatic hypotension
       - Lower Extremities edema
       - Cardiac Responses to Stress diminished
       - Blood Volume decreased
     - Skin significantly altered
       - Pressure decreases circulation
       - Decubiti frequent result
     - Stress Responses changed
       - Steroids increased
       - Autonomic Function may decrease
     - Immune Responses
       - Diminished
       - Infections increase
         - Opportunistic
         - Latent
         - Nosocomial
   - BEHAVIORAL AND PSYCHOLOGICAL EFFECTS
     - Perceptual Responses noted
       - Disorganized Behavior often occurs
       - Panic and Fear may result
       - Abandonment can be perceived
       - Embarrassment of Incontinence frequent
     - Common Behavioral Consequences
       - Anger
       - Belligerance
       - Combativeness
       - Regression & Withdrawal
       - Agitation
   - DISEASES AND OTHER ILLNESSES
     - Injuries and Falls increase
     - Problems with Elimination
       - Impaction
       - Incontinence bowel and bladder; UTI
     - Skin abrasions, decubiti, infections
     - Nutrition anorexia & dehydration
     - Pulmonary aspiration & other pneumonia
     - Infections of all types
   - DEATH ASSOCIATED WITH RESTRAINTS
     - Mortality Increases with restraint use
     - Vest Restraints

- Asphyxiation mechanical
- Frequency of Complications
  - Not Uncommon probably
  - Rarely Reported legal questions?
- Siderails a major hazard
  - Subdural Hematoma several cases
    - Diagnosis difficult
    - High Index of Suspicion needed
  - Benefits of Siderails
    - To Hospital could prevent litigation
    - To Patient probably harmful
      - Falls increase; from greater height
      - Confusion & Distress also increased
      - Incontinence is promoted
        - Patient prevented access to toilet
        - Falls mainly attempting to reach toilet
  - Legal Aspects of Siderails
    - Lawyers Define good medical practice
      - Re-evaluation difficult
      - Scientific Evidence to Contrary disregarded
      - Profitable Falsehoods supported
    - British Approach
      - Assume good practice doctors & hospitals
      - Standards Defined
        - Best Interest of patients
        - Litigation rare
      - Use of Siderails
        - Uncommon
        - Only if requested by patient
      - Total Prevention of Falls
        - Possible with extreme use of restraints
          - Sedation in high doses
          - Nets over tops of beds
        - Incompatible with rehabilitation
          - Independence prevented
          - Injuries, Illness & Death increased

10. LEGAL AND ETHICAL ASPECTS
    - AMERICAN HOSPITALS AND NURSING HOMES
      - Use highly sanctioned hospitals & nursing homes
      - Extent of Restraints as much as necessary
      - Hospitals liable for patient injuries
      - Nurses also have legal liability
      - Actual Lawsuits little information available
        - Due to Restraints fairly common
        - Failure to Restrain extremely rare
      - Court Decisions in USA
        - Undesirability of restraints affirmed
        - Quality of Life impaired
        - No Civil Action unlawful detention from restraints
    - CANADA
      - No Lawsuits failure to use restraints
    - All litigation improper application of restraints
    - MORAL AND ETHICAL CONSIDERATIONS
      - Societal Obligation
        - Freedom of Individual must protect
        - Excessive Restrictions cruel & unusual
      - Behavioral Control from restraints
        - Lack of Consent usual
        - Major Infringement on rights
      - Chief Goal of Rehabilitation
        - Foster independence
        - Restaints incompatible
      - Personal Liberty
        - Important for all
        - Falls become a possibility

11. GUIDELINES FOR RESTRAINT USE
    - INVESTIGATE cause of problem; eliminate
    - COLLABORATIVE DECISION nurse, physician
    - NO SUBSTITUTE close surveillance
    - INFORMED DECISION involves patient & family
    - SHORT TERM only
      - Time Limit proposed
      - Physician Orders at certain intervals
    - LAST RESORT only
    - TRAINED STAFF should be required
    - PATIENT COMFORT AND SAFETY essential

12. ALTERNATIVES TO RESTRAINTS
    - COMPANIONSHIP AND SUPERVISION
      - At Night particularly
      - Very Effective whenever tried
    - ELIMINATE OFFENSIVE TREATMENT
      - Nasogastric Tubes
      - Catheters IV and urinary tract
    - ENVIRONMENTAL MANIPULATION
      - Increased Light
      - Bedside Commodes
      - Mattress on Floor
      - Quiet Room
      - Siderails down
      - Closer to Nursing Station
    - PSYCHOSOCIAL INTERVENTION
    - PHYSICAL AND DIVERSIONARY ACTIVITIES
    - ADMINISTRATIVE SUPPORT for staff
    - WANDERING major cause of restraint use
      - Creative Control preferable to restraints
      - Approaches to Wandering
        - Locked Unit
        - Door Alarms
        - Activities recreational & social
        - Exercise
        - Program Changes
          - Nighttime Activities
          - Outlets for anxious behavior
        - Sheltered Walking Areas
      - Wandering Less Common than attempts to Prevent

13. IMPLICATIONS AND CONCLUSIONS
    - HIGH INCIDENCE OF RESTRAINT USE
      - Suggests professional standards not followed
      - Regulations and Policies often ignored
        - Regulations State & Federal
        - Patient's Bill of Rights
    - CAREFUL DECISIONS ESSENTIAL
      - Must Involve family, patient, physician, others
      - Goals of Care consider, influence choice
        - Differ hospital & nursing home
        - Acute Setting cure
        - Long Term rehab, function, quality if life
        - Wrist Restraint in different settings
          - Delirium for IV use to allow recovery
          - Dementia for nasogastric tube
      - Educate and Inform essential

THE FOLLOWING REFERENCES ARE FROM "TYING DOWN THE ELDERLY" BY L.K. EVANS AND N.E. STRUMPF, JAGS 37:65-74, 1989, AN ARTICLE FROM WHICH MUCH OF THIS OUTLINE WAS ABSTRACTED.

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Senator REID. Doctor Greenhouse and Tina, I think your testimony has been alarming.

Did I hear you correctly, Ms. Neuneker, when you told me the State of Nevada has two social workers that deal with adults?

Ms. NEUNEKER. Washoe County has two. We cover the whole county.

Senator REID. Washoe County has two social workers that deal with what types of problems with seniors?

Ms. NEUNEKER. Abuse, neglect, and exploitation. We cover the entire county. We usually get most of our referrals from the Reno and Sparks areas, but we have gone to outlying communities.

Senator REID. Tell me—the Federal Government has all kinds of problems of their own, but I would just be curious from your standpoint, how many do you feel it would take to adequately handle the caseload you have here, and would develop if you had more caseworkers?

Ms. NEUNEKER. I would say at least five. I wouldn't know—at least four or five to adequately cover.

Senator REID. Let me ask you this. Have you ever worked with juveniles.

Ms. NEUNEKER. No.

Senator REID. This question I direct to both of you. I have worked on, and we have in the Omnibus Crime Bill, an amendment that I introduced which was accepted by the Senate, which is called the Child Victims Bill of Rights. Basically what it does is set up for children certain rights that they have when they have been victimized.

The more I hear this morning, the more I recognize that there is a lot of comparison between the young people who are victims and have no place to turn but to Government for help and seniors who ought to be able to do the same. Physically, both categories of people are not strong enough to defend themselves. They are often in both cases economically deprived.

Do you see some comparisons between the two? Maybe we need to look at a seniors victims bill of rights.

Dr. GREENHOUSE. There are, as everyone knows, bills of rights for both hospitalized patients and nursing home patients, federally legislated and mandated through organizations which deal with these institutions. These really are directed at institutionalized patients, and they are not enforced properly. I agree with the Senator, though, that there is really no bill of rights for the older population in general in this country. If such ever came about, there would have to be adequate enforcement provisions.

For instance, some of the statements which appear in Federal legislation about restraints, you cannot restrain the elderly—there is no way of enforcing them. People do this, yet no sanctions are given. Hopefully through the new coming legislation directed at nursing homes, we hope that perhaps they will be slapped if they do not comply because somebody will look and see if those regulations are being followed. But again, I think there must be enforcement.

Senator REID. Dr. Greenhouse, I served on a hospital board where I was chairman of the board of trustees, at that time at the largest hospital in Nevada. I have dealt with our health care deliv-

ery system quite a lot in my career. This is the first time I have ever heard the testimony, a statement, that one of the real problems we have in our society is restraining, physically and chemically, seniors. In my mind's eye, I can see as you have described, people strapped down in bed. Can you imagine?

I can imagine, but I have trouble imagining the fear, and not only that, but as you have indicated, what it does to someone's mental and physical health to be strapped down.

Dr. GREENHOUSE. It is a really terrible feeling. When I have presented this at medical meetings, we have tied down one of the audience members, and we have done this usually with their consent. But it is just amazing to see the fright. Even if the person knows they are going to be tied down, it is just amazing how awful it is, and how denigrating to them as a person, their own image of themselves is destroyed.

But I think all of you have gone into hospitals, and seen people tied down, yet have accepted this because it must be the medical thing to do. The doctor is around, the nurse is around, they are compassionate, wonderful people—they wouldn't do this. Yet it is so commonly employed in hospitals, particularly in nursing homes that it is accepted.

Senator REID. You say this is the only country you know of where this is done?

Dr. GREENHOUSE. It is not done in Europe. In European countries, it is not done. It is really a different approach to care of the elderly in Europe. One of our problems again is lack of personnel, and lack of adequately trained personnel in nursing homes and hospitals.

Senator REID. Dr. Greenhouse, it seems to me that people who are like your co-panelist, Ms. Neuneker, that one of the jobs, if in fact we had enough people to do it, and this is even though we are directing the attention to the State, I think the Federal Government has a hand in this—it seems to me that should be a responsibility of someone to make a determination if in fact people are being abused.

When I went to law school, one of the things we learned very quickly is that a person can be kidnapped in a number of different ways. In effect, that's what is happening here.

Dr. GREENHOUSE. Of course, the Federal Government has looked at this in the Omnibus Budget Reconciliation Act, as far as nursing homes are concerned. Similarly, there is an awareness of this problem. How well it will be enforced, I don't know.

Senator REID. Dr. Greenhouse, I think a lot of that awareness is directed to chemical restraints, not physical ones. That's why I mentioned it. We have heard about the restraining of seniors and others with chemicals. But actual physical restraints, which is a cheaper way of doing it——

Dr. GREENHOUSE. That's right. And it saves personnel, and the like. I would like to make one other comment about social workers for Washoe County. I don't want to disagree with you, but I have one social worker who attends 60 and older people. This lady can just barely keep her head above water. A lot of this has to do with some of the issues we are talking about. Many more than four or five additional social workers would help attend to these problems.

It is a problem for society, because who pays for it? These are things that are not easy to answer.

Senator REID. Tina, let me ask you a question. If you had the ability to change a law or two in the State of Nevada that relates to the type of work you do, what would you tell the legislature to do? Either the State Legislature or the Federal Legislature, the Congress?

Ms. NEUNEKER. It doesn't seem like elder abuse is a crime right now. I think the law needs to be stronger and state that if you abuse, neglect, or exploit a senior citizen, this is what will happen to you. The law just says now that it must be reported. It does not say how we are to follow through or anything else. The law needs to be stronger to say that it is a crime, and it is punishable.

At this point, I don't see a lot happening as far as punishing somebody for doing these things. I think the law needs to say that it will be punishable by some kind of jail term or service or something, so that people will know it is actually a crime.

Senator REID. Dr. Greenhouse, what do you feel? If you had the ability to change a law or two, what would you do?

Dr. GREENHOUSE. I second what has just been said. I know Nevada's laws and California's laws in this regard. There is very, very little enforcement. It goes on without people paying any attention. If you are deterred from doing something yet nothing happens to you if you do it——

Senator REID. I read this poor woman's statement, Mrs. Romayne Frommer, 82-years-old, and I have talked to my staff and gotten more of the gory details about what has really happened to this woman. As we speak, she is going through what she talked about, what she wanted to talk about here today, but was afraid to come and talk. Tina, this is going on all over, isn't it?

Ms. NEUNEKER. Yes.

Dr. GREENHOUSE. The Nevada laws are not as explicit as they might be, either in the types of crimes and how they appear, or what will happen if you violate the rights of older people. These laws do need to be rewritten, probably on a national basis.

Senator REID. What would a senior do if that senior feels he or she is being abused, or someone they know is being abused? What do you say, Tina, you work with this every day?

Ms. NEUNEKER. Usually, they don't say anything. By the time we get a referral, it is to the point where it is so obvious that it can't be hidden any more. Usually people don't say anything or they might say something to their friends. But at that point they don't know what to do.

I think a lot of people are not aware that there is an agency that will go out to try and assist a senior, or that it is even against the law to hurt someone, abuse or neglect somebody because they are aged. I don't think people are aware of that.

Senator REID. I would like to hear from both of you as to where you feel most of this physical abuse is taking place? Is it in rest homes? Is it in private homes? Is it out on the street? Let me preface it with this.

When a senior, seniors are polled like everybody else, registered to vote, and when these national polls are done or the State polls, it always turns up that seniors are concerned about crime. But it is

not the kind of crime we are talking about here today. The kinds of crime seniors are concerned about is being mugged when they go grocery shopping. Nationwide, that's the kind of thing that seniors are afraid of. They don't realize what is going on next door, or maybe even their own home.

Where is this taking place?

Ms. NEUNEKER. The crimes I see happening take place in their home. When they are abused, they are at home with a family member or whoever is coming to see them is abusing them. Usually people we see are not hit-and-miss crimes, like someone who is walking down the street and gets hit on the head for their wallet. Those kinds of people see the police. We see the kinds of people who are abused at home.

Dr. GREENHOUSE. I second that. I think the great majority of physical and financial abuse is in the home. There are other places. I talked about the advertising industry, vitamins and food supplements. That's about second, through the public media. But I think the home is number one.

Senator REID. What I am principally concerned about discussing with the two of you here today is physical abuse. We will have other panels where we will talk about some of the other kinds of abuse.

Dr. Greenhouse, I can say this. As a result of this hearing, I am certain there will be some attention focused from a national level as to what goes on in extended care facilities—rest homes, convalescent homes. Because it appears to me that you are an expert, you are not somebody that sees 1 of out every 20 patients that's a senior, this is what you do. This is your chosen specialty, to deal with problems that older people have. What you have told this committee is that there is a significant amount of physical abuse that takes place in institutional care, also. And a lot of the abuse is by restraining human beings.

Dr. GREENHOUSE. It also happens in acute hospitals. If you look at this, don't just focus on the nursing home or extended care facility, because it does happen in acute hospitals. I can support that.

Senator REID. I appreciate that very much.

We want to spend some more time with the two of you at some subsequent time through staff work. This has been a real eyeopener to me. That's why we have these hearings, that's why this Committee was established. This is why I am surprised that this is the first hearing of this kind in Nevada where we have dealt with senior physical abuse.

A typical hearing, and rightfully so, might with health care delivery, how we take care of sick people. But this is the first hearing in Nevada that has dealt with the criminal exploitation of senior citizens. There will be a lot more done on this. I am grateful to both of you for your testimony here today. Thank you very much.

The next panel will consist of Mr. Max Goodman, Mr. Jack Swagerty, and Mr. Gail Bishop. This panel will principally deal with mail fraud. We have heard in my opening statement here today of one example of mail fraud, dealing with a letter that people all over the country received from the "FBI," not the Federal Bureau of Investigation, of course.

The first witness will be Mr. Goodman. We ask that you speak into that microphone so people can hear you.

STATEMENT OF MAX GOODMAN, SENIOR VICTIM OF MAIL FRAUD

Mr. GOODMAN. Hello, Senator Reid. My name is Max Goodman. I am a long-time resident of Reno, NV. I came here in 1925. I had my career with the telephone company, and retired 22 years ago. I am now 86-years-old.

During my years with the telephone company, I was hardly ever sick. I was very healthy, and really felt good. But after I retired I started getting sick a lot. About 5 years ago I was so sick I almost died. I could not sleep lying down. I could only sleep in a chair.

It was in early 1987 when I saw an advertisement for Adjust-A-Matic adjustable beds. From the looks of the ad, it was just the kind of bed I needed. Also, looking at the adjustments I figured I could lay down and get some sleep and get comfortable.

I called the bed company for some information, and they sent me their literature. To my surprise, the bed was over $1,000. You could spend as much as $4,000 on these beds. Shortly after I received my information a saleswoman from the company paid a visit to me at my home. She was very nice and very good. She was very pleasant and jolly, in fact too pleasant and jolly, because she sold me the bed.

She talked me into buying this adjustable bed, gave me a discount, told me I could have the bed for $1,960. It seemed like a lot of money to me at the time, but I was desperately in need of some sleep at night.

The nice saleslady left with my check. She promised that within 8 weeks my bed would appear. A couple of months later I got a letter from the bed company saying they were having financial problems and they had filed for bankruptcy.

I should have known. The letter told me that the nationwide sales were slow, and the economy was so bad they were having a difficult time. It seems they felt they were entitled to keep my money without delivering my bed.

I never got my money back, nor did I ever get my bed. The loss of this money hurt me badly. It seems like you couldn't trust anybody anymore. It is mainly senior citizens who buy these beds. I think the people at this company made a fool of me, and probably many other senior citizens, too.

I received a letter from the Postal Inspector's office last year saying that they had conducted an investigation of these people. I don't know what ever became of this. I never heard back from anyone. All I know is that I never got my bed. I certainly never got my money back, and I am a lot smarter now.

I want to believe in people. I hope this information helps somebody else before they make the same mistake I did.

Thank you.

Senator REID. We are going to have some questions for you in a little bit, but now we are going to hear from Mr. Swagerty.

STATEMENT OF JACK E. SWAGERTY, REGIONAL CHIEF POSTAL INSPECTOR, WESTERN REGION

Mr. SWAGERTY. Thank you, Mr. Chairman. Good morning, ladies and gentlemen.

I am very happy to be here today to present the views of the Postal Inspection Service regarding crimes against the elderly. As the Regional Chief Inspector, it is my responsibility to oversee the activities of the Postal Inspection Service in the western 12 States, which includes the State of Nevada.

A major portion of our time is spent conducting criminal investigations. The mail fraud statute is just one of many laws we use to protect the postal customer from falling prey to some type of scheme to defraud. A successful con artist can disguise his schemes in many ways. These schemes may encompass virtually every aspect of one's daily life, and none of us are immune from being victimized.

There are many schemes where use of the mails is an essential part of the scheme, and the Inspection Service I think would be remiss in its responsibility to you and to the American public if we did not welcome the opportunity to participate in hearings such as this one. This hearing is an opportunity to make all of you aware of the types of scams involved, and our knowledge of the potential victims they target.

First I would like to give you a very quick explanation of mail fraud. A mail fraud is basically just a scheme to defraud where the use of the mails is an important part of that scheme. In other words, any type of scheme to defraud can be mail fraud, such as adjustable beds, if the mail is used to carry out that scheme.

As citizens of the State of Nevada, you must be aware that con artists are not always in your backyard, they are not always in Nevada. To relieve you of your earnings and your savings, they may very well prey upon you from afar. In fact, they often prefer to do this from distant States, because they know this hampers their victim's ability to access verification of their legitimacy. They count on people not wanting to take the time to check them out.

Let's take a brief look at some types of schemes that might be used on a selected group of victims. Understand that virtually every scheme victimizes particular types of victims. A good example is the difference between an investment scheme and a work-at-home scheme.

In an investment scheme, someone tries to convince you to invest your money in some type of investment. It may be real estate, oil and gas, stocks, bonds, IRA's, Keoghs, precious metals, coins, and so on. Operators of these types of schemes are looking for a victim class that has money to spend or at least money that is available. They don't care if it is your life savings.

I will contrast that type of scheme with what we call a work-at-home scheme. Here, the perpetrator offers easy money for a limited amount of work in the comforts of one's home. The target group may appear to be the young homemakers trying to add extra income to the family budget. But the senior citizen who is no longer working outside the home may also be targeted for this type of scheme.

As a potential group of victims, senior citizens are also subject to telemarketing, or what is known as boiler room activities. I am very happy that in the next panel you will hear from Dave Shepherd from the FBI, who is a specialist in boiler room activities.

But in these boiler rooms, someone will try to solicit your confidence via telephone or direct mail marketing. The caller may offer a variety of options, for example free prizes in return for the purchase of what will turn out to be an inferior quality product or service. The caller may offer home improvements or vacations or even matrimonial services, if you are interested.

Other areas where seniors are often targeted as an identified victim group involve contests and also medical fraud. I am sure many of you have seen the contest schemes, where gifts and other prizes are offered to you. All you have to do to win is fill out a simple contest form. The pitfall here is that everyone wins, but then you must play a second, third, fourth, or fifth or even more tiebreaking round in order to be the final winner. Of course, in order to enter these playoff rounds, you have to pay money.

These con artists also take advantage of the elderly through medical fraud schemes. These are one of the most disgusting things we have seen. They appeal to our concerns for good health with bogus advancements in some areas of medical treatment. All of us would like to look our best and feel our best. Con artists prey upon this. So be aware of anyone trying to sell you a cure for any disease or weight loss or cosmetics if the claims are exaggerated and you have no way to verify their accuracy.

Remember when it comes to your health, there are no easy solutions through a mail order item or some newly found untested magical cure. When you receive information like that, Dr. Greenhouse would be an excellent person to ask advice of.

There are other types of fraud schemes which may on the surface appear to be perfectly legitimate. I am talking now about solicitation schemes. You may be asked by telephone or through direct mail advertising to donate money to a charitable organization, a religious group or other organization whose cause you might be able to identify with.

However, if you cannot verify the solicitation or do not recognize it as coming from an individual or organization that is readily known to you, be aware because the chances are very slim that your money will ever get to the intended recipients or purpose.

Another area of concern is the travel and vacation business. Offers are made for vacation packages that appear to be very reasonable, or even far less in price than one might expect. Again I would say exercise caution, because there may be hidden costs involved. Your transportation costs and other related items may not be covered by your payments.

Another important area of concern is credit card schemes. We know of many instances where someone's credit information is obtained by persons who later assume that individual's identity. Using the innocent person's name, they obtain new credit cards, identification, and they follow up by obtaining literally thousands of dollars in loans and goods.

Those are just a few of the areas.

I would like to take a few minutes to talk about what you can do about these things, what we call fraud prevention. No one can fully appreciate the talents and the cunning of a good fraud operator until you have been exposed to them. I would like to share with you five very simple steps taken by the con artist as he or she is in the process of developing a scheme to victimize you.

I think by sharing these thoughts with you, you may have a better understanding as to the makeup of the con artist and how better to protect yourself from being victimized.

First, remember what I said earlier. Every scheme is designed to attract certain types of victims. In making up schemes, the con artist typically devises five separate, distinct areas.

First, of course, he must devise his intent to commit the scheme. He follows this up by disguising the purpose of his operation. This is necessary of course, because without a good disguise, many of us are able to penetrate the scheme in its earlier stages.

The third element is the con artist's reliance upon our ignorance of the scheme, or our greed.

The fourth area is the victim's voluntary action to assist the con artist. In every case the victim, on his or her own volition, must assist this con artist to complete the scheme. You do this by taking some voluntary action to participate in the scheme, such as investing your money.

Having come this far, all the scheme operator must do now is the fifth step, and that is to conceal the violation so that he or she may repeat the scheme with the next victim.

Of all those five steps, there is one that you have absolute control over, and that is number four, you can prevent yourself from becoming a victim. If you are unable to penetrate the intent of the operator, or if you can't pierce the disguise of his true purpose, if you are unaware of the consequences or eager to believe his promises, you can still protect yourself by not taking action, by not getting involved, by not investing your money.

Perhaps you think I make it sound too easy for you to outsmart a con artist. But I am telling you that you do have absolute control over the transaction. The scheme is not complete until you have paid your money.

You must, and all of us must, take the initiative to educate ourselves about the pitfalls that are waiting for all of you in virtually every aspect of life. I have mentioned a number of different types of fraud schemes. Again, I want to mention that every aspect of life is a potential for fraud. We have a saying in the Inspection Service, and we have used it for many years, and it is still true today, that if it sounds too good to be true, then it probably is.

Mr. Chairman, the Inspection Service appreciates the invitation to appear and give testimony at this hearing. As we are all aware, enforcement of legal action against those who direct these illegal efforts toward the elderly is extremely important.

But enforcement and legal action is only one approach to this problem. It is also essential that we provide our customers with the knowledge they need and hearings such as this will do that.

Thank you very much.

[The prepared statement of Mr. Swagerty follows:]

TESTIMONY OF JACK E. SWAGERTY

REGIONAL CHIEF POSTAL INSPECTOR, WESTERN REGION

BEFORE THE SPECIAL COMMITTEE ON AGING

MR. CHAIRMAN, I AM JACK E. SWAGERTY, REGIONAL CHIEF INSPECTOR FOR THE WESTERN REGION HEADQUARTERS AT SAN BRUNO, CALIFORNIA. I AM DELIGHTED TO APPEAR HERE TODAY AND PRESENT THE VIEWS OF THE UNITED STATES POSTAL SERVICE REGARDING CRIMES AGAINST THE ELDERLY. AS REGIONAL CHIEF INSPECTOR, IT IS MY RESPONSIBILITY TO OVERSEE THE ACTIVITIES OF THE POSTAL INSPECTION SERVICE IN THE SEVEN DIVISIONS OF THE WESTERN REGION, WHICH INCLUDES THE STATE OF NEVADA. AN IMPORTANT PART OF OUR JURISDICTION HERE INCLUDES THE FUNCTIONAL AREAS OF MAIL FRAUD AND PROHIBITED MAILINGS.

THE UNITED STATES POSTAL INSPECTION SERVICE IS THE INVESTIGATIVE AND AUDIT ARM OF THE U.S. POSTAL SERVICE. POSTAL INSPECTORS ARE RESPONSIBLE FOR PROTECTING THE MAILS AND POSTAL FACILITIES FROM CRIMINAL ATTACK; FOR PROTECTING THE AMERICAN PUBLIC FROM BEING VICTIMIZED BY FRAUDULENT SCHEMES WHERE THE MAILS ARE AN ESSENTIAL PART OF THE SCHEME, AND FOR KEEPING POSTAL MANAGEMENT INFORMED OF THE CONDITIONS AND THE NEEDS OF THE POSTAL SERVICE. WE HAVE BEEN CHARGED WITH THESE DUTIES THROUGHOUT THE TWO-HUNDRED-YEAR HISTORY OF THE POSTAL INSPECTION SERVICE. THIS MAKES US ONE OF THE OLDEST FEDERAL LAW ENFORCEMENT AGENCIES OF THE UNITED STATES.

A MAJOR PORTION OF OUR TIME IS SPENT CONDUCTING CRIMINAL INVESTIGATIONS. THE MAIL FRAUD STATUTE IS JUST ONE OF MANY SUCH LAWS WHICH WE USE TO PROTECT THE POSTAL CUSTOMER FROM FALLING PREY TO SOME TYPE OF SCHEME TO DEFRAUD. A SUCCESSFUL CON ARTIST CAN DISGUISE HIS SCHEMES IN MANY WAYS. AND THESE SCHEMES MAY ENCOMPASS VIRTUALLY EVERY ASPECT OF ONE'S DAILY LIFE, AND, NONE OF US ARE IMMUNE FROM BEING VICTIMIZED.

THERE ARE, HOWEVER, SOME SCHEMES WHERE USE OF THE MAILS IS AN ESSENTIAL PART OF THE SCHEME, AND THE POSTAL INSPECTION SERVICE WOULD BE REMISS IN ITS RESPONSIBILITY TO THE AMERICAN PUBLIC IF WE DID NOT WELCOME THE OPPORTUNITY TO PARTICIPATE IN HEARINGS SUCH AS THIS ONE. THIS HEARING IS AN OPPORTUNITY TO MAKE YOU AWARE OF THE TYPE OF SCAMS INVOLVED AND OUR KNOWLEDGE OF THE POTENTIAL VICTIMS THEY TARGET.

FIRST OF ALL, LET ME EXPLAIN MAIL FRAUD. A MAIL FRAUD IS BASICALLY A SCHEME TO DEFRAUD WITH THE USE OF THE MAIL AS AN INTEGRAL PART OF THE SCHEME.

AS CITIZENS OF THE STATE OF NEVADA, YOU MUST BE AWARE THAT CON ARTISTS ARE NOT ALWAYS IN YOUR BACKYARD. TO RELIEVE YOU OF YOUR EARNINGS AND YOUR SAVINGS, THEY MAY WELL PREY UPON YOU FROM AFAR. IN FACT, OFTEN THEY PREFER TO DO THIS FROM DISTANT STATES BECAUSE THEY KNOW THIS HAMPERS THEIR VICTIMS ABILITY TO ACCESS VERIFICATION OF THEIR LEGITIMACY. THEY COUNT ON PEOPLE NOT WANTING TO TAKE THE TIME TO CHECK THEM OUT.

LET'S TAKE A BRIEF LOOK AT SOME TYPES OF SCHEMES THAT MIGHT BE USED ON A SELECTED GROUP OF VICTIMS. UNDERSTAND THAT VIRTUALLY EVERY SCHEME VICTIMIZES PARTICULAR TYPES OF VICTIMS. A GOOD EXAMPLE IS THE DIFFERENCE BETWEEN AN INVESTMENT SCHEME AND A WORK-AT-HOME SCHEME. IN AN INVESTMENT SCHEME, SOMEONE TRIES TO CONVINCE YOU TO INVEST YOUR MONEY IN SOME TYPE OF INVESTMENT. IT MIGHT BE A PIECE OF REAL ESTATE, AN OIL AND GAS LEASE, STOCKS, BONDS, IRAS, KEOUGHS, OR COMMODITIES SUCH AS PRECIOUS METALS AND COINS. OPERATORS OF THESE TYPES OF SCHEMES ARE LOOKING FOR A VICTIM CLASS THAT HAS MONEY TO SPEND -- OR AT LEAST MONEY THAT IS AVAILABLE. THEY DON'T CARE IF IT'S SOMEONE'S LIFE SAVINGS.

CONTRAST THIS TYPE OF SCHEME WITH THE WORK-AT-HOME SCHEME. HERE, THE PERPETRATOR OFFERS EASY MONEY FOR A LIMITED AMOUNT OF WORK IN THE COMFORTS OF ONE'S HOME. THE TARGETED GROUP MAY APPEAR TO BE THE YOUNG HOMEMAKERS TRYING TO ADD EXTRA INCOME TO THE FAMILY BUDGET. BUT THE SENIOR CITIZEN WHO IS NO LONGER WORKING OUTSIDE THE HOME MAY ALSO BE TARGETED FOR THIS KIND OF SCHEME. AND, MAY WELL BE ATTRACTED TO THE IDEA OF KEEPING BUSY AND SUPPLEMENTING A LIMITED INCOME. SENIORS, AS A GROUP, MAY BE TARGETED BY DIFFERENT TYPES OF SCHEME OPERATORS.

AS A POTENTIAL GROUP OF VICTIMS, SENIOR CITIZENS ARE ALSO SUBJECT TO TELEMARKETING, OR WHAT HAS BEEN KNOWN AS BOILER ROOM ACTIVITIES.

HERE, SOMEONE WILL TRY TO SOLICIT YOUR CONFIDENCE VIA TELEPHONE OR DIRECT-MAIL MARKETING. THE CALLER MAY OFFER A VARIETY OF OPTIONS, FOR EXAMPLE, FREE PRIZES IN RETURN FOR THE PURCHASE OF WHAT WILL TURN OUT TO BE AN INFERIOR QUALITY PRODUCT OR SERVICE. THE CALLER MAY

OFFER HOME IMPROVEMENTS, VACATIONS, OR EVEN MATRIMONIAL SERVICES. OTHER AREAS WHERE SENIORS ARE OFTEN TARGETED AS AN IDENTIFIED VICTIM GROUP INVOLVE CONTESTS AND MEDICAL FRAUD. IN MANY CONTEST SCHEMES, MONEY AND GIFTS OR OTHER PRIZES WILL BE OFFERED -- ALL YOU HAVE TO DO TO WIN IS TO FILL OUT A SIMPLE CONTEST FORM. THE PITFALL HERE IS THAT EVERYONE WINS. YOU MUST PLAY THE SECOND, THIRD, FOURTH, FIFTH, AND EVEN SUBSEQUENT TIE-BREAKING ROUNDS IN ORDER TO BE THE FINAL WINNER. OF COURSE, TO ENTER EACH PLAYOFF ROUND, YOU MUST SEND ADDITIONAL MONIES.

CON ARTISTS ALSO MAY TAKE ADVANTAGE OF THE ELDERLY THROUGH MEDICAL FRAUD SCHEMES. THEY APPEAL TO OUR CONCERNS FOR GOOD HEALTH WITH BOGUS ADVANCEMENTS IN SOME AREAS OF MEDICAL TREATMENT. WE ALL WOULD LIKE TO LOOK OUR BEST AND FEEL OUR BEST. CON ARTISTS PREY UPON THIS. BE AWARE OF ANYONE TRYING TO SELL YOU A CURE FOR ANY DISEASE, WEIGHT LOSS, OR COSMETIC IF THE CLAIMS ARE EXAGGERATED AND YOU HAVE NO WAY TO VERIFY THEIR ACCURACY. REMEMBER, WHEN IT COMES TO YOUR HEALTH, THERE ARE NO EASY SOLUTIONS THROUGH A MAIL ORDER ITEM OR SOME NEWLY-FOUND, UNTESTED MAGICAL CURE.

WE SHOULD ALSO BE AWARE OF OTHER TYPES OF FRAUD SCHEMES WHICH MAY, ON THE SURFACE, APPEAR TO BE PERFECTLY LEGITIMATE. I AM REFERRING TO VARIOUS SOLICITATION SCHEMES. YOU MAY BE ASKED BY TELEPHONE OR THROUGH DIRECT-MAIL ADVERTISING TO DONATE MONIES TO A CHARITABLE ORGANIZATION, RELIGIOUS GROUP, OR OTHER ORGANIZATION WHOSE CAUSE YOU CAN IDENTIFY WITH. HOWEVER, IF YOU CANNOT VERIFY THE SOLICITATION, OR DO NOT RECOGNIZE IT AS COMING FROM AN INDIVIDUAL OR ORGANIZATION THAT IS READILY KNOWN TO YOU, BE AWARE, CHANCES ARE, VERY LITTLE -- IF ANY -- OF YOUR MONEY WILL EVER GET TO YOUR INTENDED RECIPIENTS OR PURPOSE.

THERE IS ANOTHER AREA WHICH I MIGHT MENTION, THAT OF TRAVEL AND VACATION BUSINESS. HERE, OFFERS ARE MADE FOR VACATION PACKAGES THAT APPEAR TO BE VERY REASONABLE OR EVEN FAR LESS IN PRICE THAN ONE MIGHT EXPECT. AGAIN, EXERCISE CAUTION. THERE MAY BE HIDDEN COSTS INVOLVED. YOUR TRANSPORTATION COSTS AND OTHER RELATED ITEMS MAY NOT BE COVERED BY YOUR PAYMENTS.

ANOTHER AREA OF MAJOR CONCERN TO LAW ENFORCEMENT AND TO THE CONSUMING PUBLIC IS THE INCREASE IN CREDIT CARD SCHEMES.

WE KNOW OF INSTANCES WHERE SOMEONE'S CREDIT INFORMATION WAS OBTAINED BY PERSONS WHO ASSUME THAT INDIVIDUAL'S IDENTITY. THEN, USING THE INNOCENT PERSON'S NAME, THEY OBTAIN NOT ONLY NEW CREDIT CARDS, BUT A DRIVER'S LICENSE TO USE AS ADDITIONAL IDENTIFICATION.

THEY FOLLOW THIS UP BY OBTAINING THOUSANDS OF DOLLARS WORTH OF MERCHANDISE, FINANCING THIS THROUGH LOANS OBTAINED THROUGH THE STORES. AS A CONSUMER, YOU HAVE NO AWARENESS OF WHAT HAS HAPPENED.

THAT IS, NOT UNTIL YOU REQUEST A LOAN OR A NEW CREDIT CARD AND FIND OUT THAT YOUR CREDIT RECORD SHOWS MANY, MANY UNPAID LOANS AND CREDIT CARD ACCOUNTS. AND, IT IS NOT EASY TO CLEAR UP YOUR CREDIT. IT IS VERY DIFFICULT AND TIME-CONSUMING. ASK ANYONE TO WHOM THIS HAS HAPPENED.

LET'S TALK A FEW MINUTES ABOUT FRAUD PREVENTION. ONE CANNOT FULLY APPRECIATE THE TALENTS AND CUNNINGNESS OF A GOOD FRAUD OPERATOR UNTIL YOU HAVE BEEN EXPOSED TO THEM. I WOULD LIKE TO SHARE WITH YOU FIVE SIMPLE STEPS TAKEN BY THE CON PERSON AS HE OR SHE IS IN THE PROCESS OF DEVELOPING A SCHEME TO VICTIMIZE YOU. BY SHARING THESE THOUGHTS WITH YOU, PERHAPS YOU WILL HAVE A BETTER UNDERSTANDING AS TO THE MAKEUP OF A CON ARTIST AND PRECISELY HOW TO PROTECT YOURSELF FROM BEING VICTIMIZED.

FIRST, REMEMBER WHAT I SAID EARLIER. EVERY SCHEME IS DESIGNED TO ATTRACT CERTAIN TYPES OF VICTIMS. IN MAKING UP THE SCHEME, HOWEVER, THE CON ARTIST TYPICALLY DEVISES FIVE SEPARATE AND DISTINCT AREAS:

FIRST, HE MUST DEVISE HIS INTENT TO COMMIT THE SCHEME. HE FOLLOWS THIS UP BY DISGUISING THE PURPOSE OF HIS OPERATION. THIS IS NECESSARY, OF COURSE, BECAUSE WITHOUT A GOOD DISGUISE, YOU AND I WOULD BE ABLE TO PENETRATE THE SCHEME AT ITS EARLIEST STAGE.

THE THIRD ELEMENT IS THE CON ARTIST'S RELIANCE UPON THE IGNORANCE OR GREED OF THE VICTIM.

THE FOURTH AREA IS THE VICTIM'S VOLUNTARY ACTION TO ASSIST THE CON ARTIST. IN EVERY CASE, THE VICTIM, ON HIS OR HER OWN VOLITION, MUST ASSIST THE CON ARTIST TO COMPLETE THE SCHEME. THE VICTIM DOES THIS BY TAKING SOME VOLUNTARY ACTION TO PARTICIPATE IN THE CRIME.

HAVING COME THIS FAR, ALL THE SCHEME OPERATOR MUST DO NOW IS THE FIFTH STEP: CONCEAL THE VIOLATION SO THAT HE OR SHE CAN REPEAT THE SCHEME WITH THE NEXT VICTIM.

NOW, OF THE FIVE STEPS, THERE IS ONE IN WHICH YOU HAVE ABSOLUTE CONTROL. YOU CAN PREVENT YOURSELF FROM BECOMING A VICTIM. BY AVOIDING STEP 4 -- VICTIM'S VOLUNTARY ACTION -- YOU PUT AN END TO THE PROCESS.

IF YOU ARE UNABLE TO SOMEHOW PENETRATE THE INTENT OF THE OPERATOR; IF YOU CANNOT PIERCE THE DISGUISE OF HIS TRUE PURPOSE; IF YOU ARE UNAWARE OF THE CONSEQUENCES OR EAGER TO BELIEVE IN HIS PROMISES, YOU CAN STILL PROTECT YOURSELF FROM BECOMING A VICTIM BY NOT TAKING ACTION . . . BY NOT GETTING INVOLVED.

PERHAPS YOU THINK I MAKE IT SOUND TOO EASY FOR YOU TO OUTSMART A CON ARTIST. PERHAPS YOU FIND IT DIFFICULT TO BELIEVE THAT YOU HAVE ABSOLUTE CONTROL OVER THE TRANSACTION. IN FACT, YOU DO.

IF YOU DO NOT PARTICIPATE, YOU WILL NOT BECOME A VICTIM. THE CON ARTIST'S SCHEME CANNOT SUCCEED; IT CANNOT CONTINUE.
YOU MUST, HOWEVER, TAKE THE INITIATIVE AND EDUCATE YOURSELF ABOUT THE PITFALLS THAT ARE AWAITING YOU AND YOUR LOVED ONES IN VIRTUALLY EVERY ASPECT OF LIFE. THE SAYING THAT WE HAVE IN THE INSPECTION SERVICE IS AS TRUE TODAY AS IT HAS BEEN OVER THE YEARS: IF IT SOUNDS TOO GOOD TO BE TRUE, THEN, IT PROBABLY IS.

MR. CHAIRMAN, THE POSTAL INSPECTION SERVICE APPRECIATES THE INVITATION TO APPEAR AND GIVE TESTIMONY AT THIS HEARING. AS WE ARE ALL AWARE, ENFORCEMENT AND LEGAL ACTION AGAINST THOSE WHO DIRECT THESE ILLEGAL EFFORTS TOWARD THE ELDERLY IS IMPORTANT. BUT ENFORCEMENT AND LEGAL ACTION IS JUST ONE APPROACH TO CURB THIS PROBLEM. IT IS ALSO ESSENTIAL THAT WE PROVIDE OUR CUSTOMERS WITH THE KNOWLEDGE THEY NEED TO REACH DECISIONS THAT WILL IN TURN PROVIDE THEM WITH THE PROTECTION THEY DESERVE.

NOW, I AM HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

THANK YOU.

Senator REID. Thank you very much. We are going to have some questions of you and Mr. Goodman, if you will please remain until Mr. Bishop completes his testimony.

Gail, would you proceed, please?

STATEMENT OF GAIL BISHOP, MEMBER, GOVERNOR'S COMMISSION ON AGING, CITIZENS ADVISORY BOARD, UNIVERSITY OF NEVADA-RENO SCHOOL OF MEDICINE, GERIATRIC AND GERONTOLOGY CENTER, REPRESENTING THE AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. BISHOP. Thank you, Senator Reid.

I am speaking this morning for the American Association of Retired Persons, AARP. The Association appreciates this opportunity to present our views regarding misleading mailings and solicitations. AARP commends the Chairman for his interest in the broader area of crimes against older Americans. We hope this hearing will yield valuable information regarding possible solutions to the issues raised today.

AARP is deeply concerned that some deceptive and misleading mailings are targeted against older persons, many of whom have limited incomes and can ill afford to waste their much needed resources on items of questionable value. Also, many older persons give generously to charity, and they should have the security of knowing that when they do that, they are donating to reputable organizations.

A visit to the mailbox indicates that most households are inundated with mass mailings. They represent a cost-effective means of communication. While the vast majority of companies and organizations use mass mailings appropriately to reach potential customers and solicit new members, a few groups abuse the practice and mislead the recipient.

In some cases these groups give the false impression that they represent the Federal Government. This is of special concern to AARP, because older persons tend to place considerable trust in the Government, and that faith should not be exploited.

A good example is what the Senator has up here, and I hope everyone takes the opportunity to come up and look at that. Numerous organizations use the brown envelope and logo that make it look as though the mail is coming from a branch of the Government.

The Association believes that all citizens should receive adequate protection from fraudulent, deceptive, or misleading mail. However, we recognize that mass mailings are widely used by legitimate companies and organizations. Thus, it is important to strike a proper balance between needed control of fraudulent mailings and the right of legitimate organizations to conduct mailings.

The Federal Government has already acted to protect older persons against certain types of deceptive mailings. The 100th Congress enacted legislation as part of the Medicare Catastrophic Care Act, which prohibits misleading mailings that use words or symbols associated with the Social Security Administration and the Health Care Financing Administration.

In the 101st Congress, three Senate subcommittees have held hearings on deceptive mailings—the Subcommittee on Antitrust, Monopolies and Business Rights of the Judiciary Committee, the Senate Finance Subcommittee on Social Security and Family Policy, and the Governmental Affairs Subcommittee on Federal Services, Post Office and Civil Service.

AARP supports S. 273, the Deceptive Mailings Prevention Act, which has been reported out of the Governmental Affairs Committee. It would broaden the types of prohibited mailings and strengthen the penalties for noncompliance which were adopted in the catastrophic care legislation.

The Association believes that S. 273's requirements should help correct many of the abuses currently taking place when private organizations use the names of Federal agencies to imply affiliation. It would require that in order for solicitations which imply a Government connection or endorsement to become mailable, conspicuous notice must be given on the outside covering or envelope stating that it is not a Government document.

In addition, the first page of all such mailings must state in large type that this product has not been approved or endorsed by the Federal Government and this offer is not being made by an agency of the Federal Government. This notice is responsive to the confusion caused by misleading material.

AARP believes the penalties in the bill are of sufficient severity to discourage those who would mislead the American public. At the same time, the legislation appears to protect reputable mailers.

The Association would support a widening of S. 273's protective net against deceptive mailings which promote a service or product that the Federal Government provides free of charge. We believe those mailings should include a disclaimer advising the recipient of the cost of this same service when provided by the Government. This would let them know that a comparable service exists at less cost.

In conclusion, AARP believes that more should be done about the insidious, deceptive, and fraudulent mailings that plague the public generally, and older persons especially. Constraints need to be imposed on such solicitations. It is very much an abuse. While not a physical abuse of the elderly, it certainly could be referred to as mugging by mailing.

At the same time, these limits should not interfere with the day-to-day operations of reputable mailings.

We look forward to working with Congress to adopt legislation to protect older persons and the public at large from deceptive mailings. Again, we thank the Senator and this committee for the opportunity to speak with you.

[The prepared statement of Mr. Bishop follows:]

AARP

Bringing lifetimes of experience and leadership to every challenge

STATEMENT

OF THE

AMERICAN ASSOCIATION OF RETIRED PERSONS

BEFORE THE

SENATE AGING COMMITTEE

OF THE

UNITED STATES SENATE

ON

CRIMES AGAINST THE ELDERLY: ARE WE FIGHTING BACK

AUGUST 21, 1990
RENO, NEVADA

WITNESS: GAIL BISHOP

FOR FURTHER INFORMATION, CONTACT:

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The American Association of Retired Persons (AARP), appreciates the opportunity to present its views regarding misleading mailings and solicitations. We commend the chairman for his interest in the broader area of crimes against older Americans. AARP hopes this hearing will yield valuable information regarding possible solutions to the issues raised today.

Most households are inundated by mass mailings. They represent a cost effective means of communicating in today's society. The vast majority of companies and organizations which use mass mailings to reach potential customers and solicit new memberships

are responsible groups which provide legitimate services. Unfortunately, a few companies misuse mailing techniques and mislead the recipient. In some cases, the group gives the false impression they represent the federal government. As a result, unsuspecting consumers spend their money on an array of unneeded items or services.

AARP is deeply concerned about deceptive and misleading mailings targeted towards older Americans, many of who have limited incomes. Since some of these mailings prey upon the sensitivities and vulnerabilities of such individuals, we fear older people are being particularly targeted by some current mailing practices. Older Americans tend to place a good deal of trust in their government, and that faith ought not be exploited. Also, many older persons give generously to charity, and they should have the security of knowing that they are donating to reputable charities that use their contributions for legitimate purposes.

The Association believes that all citizens should receive adequate protection from fraudulent, deceptive, or misleading mail. On the other hand, we recognize that mass mailings are widely used by legitimate companies and organizations. Thus, it is essential to strike the proper balance between the needed control of fraudulent mailings and the right of legitimate organizations to conduct mailings.

Moreover, the right to communicate ideas is one of our nation's most cherished constitutional freedoms. Therefore, those seeking to halt deceptive mailings must also protect the right to free expression even if it might weaken their well-intentioned efforts to curb abuses.

The following are questionable practices that particularly affect older persons:

(1) The use of look-alike envelopes that are intended to mislead people into believing the mailing is from a government agency. Documents bearing an official-looking seal or insignia, often stamped with public service statements such as "Buy United States Savings

Bonds", and bearing a Washington, D.C. return address, can give the impression of official government correspondence.

(2) The solicitation of a fee for rendering services which may be available free or for a reduced charge from the federal government.

AND

(3) The use of so called "cold lead mailers" which offer seniors information about subjects such as health insurance if the person fills out some personal information. The personal information is then forwarded to a marketing organization which rents the list of respondents to insurance agents or others trying to sell items to older Americans.

The federal government already has acted to protect older persons against certain types of deceptive mailings. The 100th Congress enacted legislation, as part of the Medicare Catastrophic Care Act, which prohibits misleading mailings that use words or symbols associated with the Social Security Administration (SSA) and the Health Care Financing Administration (HCFA). (This section of the Catastrophic legislation was not repealed.)

In the 101st Congress three Senate subcommittees have held hearings on deceptive mailing practices. AARP supports S. 273, the Deceptive Mailings Prevention Act, which has been reported out of Government Affairs Committee. The bill broadens the types of prohibited mailings and strengthens the penalty for noncompliance adopted in the catastrophic care legislation.

If S. 273 were enacted, the Post Office would be able to stop the delivery of <u>all</u> items which solicit funds for a product or service that use symbols or seals or other means to imply a connection with or an endorsement from the government. Furthermore, the Post Office could stop delivery of consumer replies, forbid the payment of postal notes or money orders made out to these organizations, and require that such groups cease and desist from engaging in these practices. Failure to comply with a cease and desist order would result in the imposition of stiff monetary penalties. The range of S. 273's penalties acts

as a strong deterrent to those seeking to profit from deceptive mailings.

The legislation requires that in order for solicitations which imply a government connection or endorsement to become mailable, conspicuous notice must be given on the outside covering or envelope that "THIS IS NOT A GOVERNMENT DOCUMENT." In addition, the first page of all such mailings must have printed in large type that "THIS PRODUCT HAS NOT BEEN APPROVED OR ENDORSED BY THE FEDERAL GOVERNMENT AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF THE FEDERAL GOVERNMENT."

The Association believes S. 273's requirements should help correct many of the abuses currently taking place when private organizations use the name of a federal agency to imply affiliation. In addition, the notices required by S. 273 are responsive to the confusion caused by misleading material.

The protective net against misleading mailings could be broadened by specifically requiring those selling a service or product which the federal government provides free or at a lesser charge to include a disclaimer advising the recipient about the cost of the same service when provided by the government. This disclaimer would produce a better educated consumer, one who knows more about the availability and cost of the service or product being offered.

In conclusion, AARP believes more should be done about deceptive and fraudulent mailings that plague the public generally, and older persons especially. Constraints need to be imposed on such solicitations. At the same time, these limits should not interfere with the day-to-day operations of reputable mailers.

We look forward to working with Congress in protecting older Americans and the general public from deceptive solicitations.

Senator REID. This has been a most interesting panel. I think that the term that Gail Bishop just used, mugging by mailing, is quite descriptive. Mr. Swagerty, on page 4 of your testimony, you talk about some of the different schemes that are used. For example, you state "Con artists may also take advantage of the elderly through medical fraud schemes." I am sure that the Postal Inspector's office has volumes of ways that have been used to cheat seniors through the mail, is that right?

Can you think of some examples of ingenious schemes that have been used to defraud seniors, using medical schemes, as an example?

Mr. SWAGERTY. Unfortunately, Senator, we do have much experience in that area. Mr. Goodman very eloquently talked about the adjustable beds just a little while ago. I am happy to personally report to Mr. Goodman that we are very familiar with this, it was not just one company, but two companies that were defrauding seniors at about that same time.

One company defrauded around 1,200 seniors, and the other, several hundred. Happily, we can tell you that several of the people are in jail for mail fraud. Unhappily, we can tell you that they lived a very lavish lifestyle while they were pulling off the frauds, so there is really no money to be returned.

This is just one type. I mention the adjustable bed because this is a very popular area, adjustable beds or wheelchairs or motorized wheelchairs, those types of things you have to be very cautious of.

Not so much anymore, but in the past it was very prevalent, where there were cancer cures, different types of very serious cures that were being promised, and with no backing at all. Some of these originated in foreign countries, but many of them originated here.

We have been fairly successful in putting these people out of business. The weight loss scheme is a very prominent one. The cosmetics I mentioned—we all want to look better and feel better. The diet pills and pep pills, it just goes on and on and on, the types of medical frauds. It can be virtually any type of scheme.

Senator REID. Mr. Swagerty, I have here, and you heard me talk about this in my opening statement, about the Department of FBI. When I first saw that, I believed it was from the Federal Bureau of Investigation. Then we got to the inside and we saw it was from the Fountains Bureau of Invitations. Is this type of thing that goes on on a daily basis, really?

Mr. SWAGERTY. Absolutely. This is the type of thing that the Senate Bill 273 would help us finally attack—this type of mailing. First, if I could just take a minute, there are really three different levels, or three different planes. First is the mail fraud scheme itself. I talked about that, where there is an intent to defraud and the mails are used. We approach these cases for the most part for criminal violations. It is our intent to arrest these people and hopefully have them do some jail time.

The second level down from that is where there are misrepresentations. Where there are misrepresentations, we can approach these cases civilly or through administrative action. Every year the Postal Inspection Service puts several thousand of these out of

business because of misrepresentations, where we stop the mail, we stop the scheme right at that point.

The third level down is the one that is very troublesome, the one that just has misleading information, like this particular mailing here. Thousands of people received this. This mailing is nothing but a land promotion. In order to have the people open the mailing envelope, they devised this "FBI" which as you said, stands for Fountains Bureau of Invitations. Also it has the big words "warrant of appearance" on it, which gave it more of an appearance of being an official mailing.

Unfortunately, because this mailing is not completely misleading or once you get inside the envelope, it is clearly a land promotion, there is nothing we can do about this type of mailing. That is why we are hoping so much that Congress will enact this legislation so that we can move on these deceptive type mailings. These are extremely prevalent, there are many, many companies that use this type of advertising.

Senator REID. Mr. Swagerty, if someone in this audience thinks they have a solicitation that is not legitimate, what can they do about it? Who do they turn to?

Mr. SWAGERTY. That's a very difficult thing you're talking about. This year the Postal Service will deliver in this country about 180 billion pieces of mail. All of us are going to be inundated with advertising material. There is some of this material that is going to attract you.

If you are interested in investing, if you are interested in purchasing goods or services or something medical, before you do anything, before you take any action, check it out as carefully as you can. The Better Business Bureaus are good sources of information. All of the States have excellent consumer protection offices and State Attorney Generals' offices which are good sources of information. If they are investment schemes, talk to your bankers or local financial people. If it is medical types of information, verify this or check it out with your family doctor.

These are the kinds of things that you have to do in order to protect yourself from these types of mailings.

Senator REID. Mr. Goodman, when you wanted to buy this adjustable bed, how did you make contact the first time? Was it by telephone, or did you send something in?

Mr. GOODMAN. I saw them advertised in a magazine. Then I wrote to the people and asked them to send me some more literature, and a brochure on it.

Senator REID. They did that, and next came this jolly lady that sold it to you?

Mr. GOODMAN. That's right.

Senator REID. She was a good salesperson, wasn't she?

Mr. GOODMAN. She knew her business, there's no doubt about that.

Senator REID. Gail, you indicated in your written testimony that there are questionable practices that particularly affect older persons. Number one is the use of look-a-like envelopes. We have an example of that here.

You go on to say that documents bearing an official looking seal or insignia, often stamped with public service statements such as

"Buy United States Savings Bonds" and bearing a Washington, D.C. return address give an impression of official Government correspondence.

You also say that the next type of thing that causes a problem is the solicitation of a fee for rendering a service which may be available for free, that people actually pay money for something they could get for free, right?

Mr. BISHOP. That's right.

Senator REID. The next is the use of so-called cold lead mailers, which offer seniors information about subjects such as health information, if they fill out some special form and mail it back. Basically it is an attempt to get a person's name so that they can try to sell them something, is that right?

Mr. BISHOP. That's correct. Mailing lists are very viable.

Senator REID. Mr. Swagerty, are there different parts of the country where different mail schemes are used? What I mean by that is, in the eastern part of the United States, does one scheme work better there than in the western part of the United States?

Mr. SWAGERTY. I wish that was true. I think it would be easier for us to approach these types of investigations. Unfortunately, if a scheme works in one place, it is probably going to spread throughout the country. We have seen this time and time again.

I try to be very careful when we talk about a particular scheme that might be operating in one area. As an example, we know that boiler rooms are very active in Nevada. The boiler rooms are extremely active in southern California.

Senator REID. Explain what a boiler room is.

Mr. SWAGERTY. If I may, Mr. Shepherd from the FBI is a specialist on boiler rooms. He will be talking about them. Boiler rooms are trained salesmen that are working off of script, just dialing numbers and trying to get you to buy something. They are high-pressure sales people, and they are very good at what they do. They do what they call "work the sun." In southern California, they get up early in the morning, start working at 6 a.m., start working the east coast, and work their way across the country, making their telephone calls.

Senator REID. They are paid on commissions most of the time?

Mr. SWAGERTY. Yes. That's correct. Virtually any type—what I would say is if anyone receives a telephone call, and they start getting high pressure sales pitches for anything, I would be very, very concerned. As I mentioned before, you can't check them out. You can ask them questions about their legitimacy or how long they have been around. If they are fraudulent, they are just going to lie to you, and they are very, very good at what they do.

They are very unscrupulous. I think you described them earlier, I don't remember exactly the words, but these people that are operating these fraud schemes will happily take your money, your life savings, they don't care. Then they will laugh at you. They live very lavish lifestyles.

Another thing I must point out is that there are very many legitimate mail order companies. But those legitimate mail order companies are not calling you and putting high pressure tactics on you like that. So be cautious.

Senator REID. We have heard now from the second panel. The first one dealt with physical abuse, some novel ways of abusing seniors. As we have indicated here, and I repeat for the second time, we are talking about a different kind of mugging. This has been mugging by mail.

Each of you has been very helpful, and I appreciate your testimony. I especially appreciate Postmaster Frank for allowing you to be here, Mr. Swagerty.

We will now call upon our next panel, which deals with financial exploitation of seniors. The panelists will be Mike Errea, Don Cavallo, and Dave Shepherd.

While Mr. Shepherd is coming to the stand, I would like to mention that I spoke to the Director of the Federal Bureau of Investigation—the real Federal Bureau of Investigation—a few weeks ago. I indicated to him we were going to hold this hearing. Judge William Sessions was most helpful, and indicated that he would do whatever he could to make this hearing a success. One of the things he has done is allow Mr. Shepherd, who is an FBI agent, to be present at this hearing, for which I am grateful.

The first witness we will hear from today will Mr. Mike Errea.

Mr. Errea has indicated that he is here, and he has prepared this statement, but he is really too nervous to read it. I will read it myself.

Mr. Errea, if I don't say something right, you will correct me, okay?

STATEMENT OF MIKE ERREA, SENIOR VICTIM OF FINANCIAL EXPLOITATION, AS READ BY SENATOR REID

Senator REID [reading]:

Good morning, Senator Reid. My name is Mike Errea. I emigrated to the United States in 1950 from France. I have been a resident of Nevada the entire time I have been here in the United States. I became a naturalized citizen many years ago. I am now 64-years-old.

Before I retired, I had my own welding shop here in Reno. About 15 years ago, I began contributing to an Individual Retirement Account. I had saved quite a bit of money—over $60,000. Through my work here in Reno, welding and doing other types of handiwork, I came in contact with a man who owned an investment company named New West Financial. I got to know him quite well over the years, and considered him to be a friend.

When he found that I had my retirement money saved in an IRA, he told me I could earn a much higher rate of interest should I convert it to a Keogh type of account, and invest it in his company.

I handed all my money over to this New West Financial Company about 5 years ago. I started receiving my annuity checks last June 1989. My monthly check was $897.01.

Then one night on the evening news, I saw that the man who ran New West Financial had been arrested in California. I am not sure why he was put in jail, but I started to feel nervous about my money. At this point this man had over $68,000 of my money.

New West Financial is 3 months behind in my checks. I keep asking them when I will get my money and all they tell me is, don't worry, I'll get it. But of course I worry. My wife and I worked hard for this money for many, many years. Why should I have to go back to work now, when I am almost 65 years old?

I have since gone to the office of the District Attorney to tell them about the investment scheme which I became part of. If I had to do it over again, I certainly would have done some research on this company, and probably would not have invested my savings in something not federally insured.

Next Monday there is a preliminary hearing for the owner of this company. I hope this means that I will get my money soon, but I know there is no guarantee.

Where I come from, when you give somebody your word, you come through. I expect the same from people who give me their word. Maybe it is my fault for giving this company my money, but for some reason, I assumed the investors were Government-backed.

It's just not right to take the life savings of senior citizens. I happen to know the owner of this company just bought a big ranch, probably partly with my money. I hope the office of the District Attorney can help me get my money back from this crook.

Thank you.

We are going to hear from the other panelists now, and I will be asking our panelists if someone is prosecuted criminally that doesn't mean the victim will get his money back civilly, does it?

Mr. Cavallo.

STATEMENT OF DON CAVALLO, WASHOE COUNTY PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN

Mr. CAVALLO. Good morning, and thank you Senator Reid, ladies and gentlemen.

My name is Don Cavallo, and I am the Public Administrator and Public Guardian for Washoe County, State of Nevada. I would first like to thank Senator Reid for inviting me to testify before the Congressional hearing on crimes against the elderly today.

First I would like to explain the function performed by the Office of the Public Administrator and Public Guardian. As the Public Administrator, my staff and I administer the estates of decedents—people who have passed away—who have no qualified person willing or able to do so. I am required by State law to make sure that the property of the decedents is secured until a relative or other designated person can claim these assets.

The office averages 275 to 300 death investigations per year. This is a current case load of approximately 125 active probates within our court. These cases involve the gathering of the assets of the estates, i.e., everything we do in our daily lives, from cash, stocks, bonds, jewelry, your household furnishings, vehicles, land, and residences.

Sometimes we are also involved in the continued operation of some businesses. To date my office has handled the operation of a 7-Eleven convenience store, an A-1 Mobil gas station, a tool and sharpening shop, and currently we are involved in a chiropractic business.

It is a little odd for my office to be doing such thing, but it is something that people do in their daily lives.

At any one time my office is handling in excess of $6 million in assets for these estates with the final disposition of them to be distributed to the beneficiaries. Although this may not seem to tie into the subject matter we are talking about today, I will bring it together in just a few moments.

Although my department is titled both Public Administrator and Public Guardian, they are still separate and apart from each other. The Office of the Public Guardian is authorized by the Nevada Statutes. In September 1989, I was designated by the Board of County Commissioners as the Public Guardian for Washoe County.

The office currently has two additional staff members working solely in the guardianship area. We are required, again by statute,

to investigate any guardianship referral to see if there is an actual need for a guardian over the person and the estate.

We receive referrals for investigation from many areas. Some are from family members, from the Senior Citizen Law Center right here, attorneys in the community, the District Attorney's office in the past, the district courts get us involved, and sometimes just from caring and concerned neighbors and friends.

In our investigation, if it proves that there is a need for a guardianship, we will file a petition with the district courts for guardianship of the proposed ward. What would merit guardianship? A potential ward—this is the person we are investigating to see if there is a need—must be of diminishing physical and/or mental capacity to the extent that they are no longer capable of effectively managing their personal affairs or businesses, or taking care of themselves physically.

On some occasions, my office has been involved in the management of some guardianship estates for minors.

It is important to note that a person who is of sound mind can sometimes make bad judgments. It is not the position of a guardian in any guardianship, whether done by my office or private individual, to impose our own lifestyles onto these individuals. Our purpose is to give them a quality of life to live.

There is a real grey area in the term "guardianship." One thing by law is considered, when you are first born and until you are 18 years of age, you basically have no rights, unless you file with a court an emancipation, and you are given rights with that filing by the courts. Once you achieve the age of 18 until you die, you are considered to be a very competent individual, unless again by the courts you are declared to be a person with limited capacities, or incompetent.

That leaves a great grey area in there for departments to deal with, such as Adult Protective Services, that you heard from earlier, and for me to work with them, and also doctors to try to support the need for a guardianship.

Currently, the office has been appointed to approximately 80 guardianships for the adults in our community. We are also currently investigating an additional 45 cases. Fortunately, not all of these involve neglect or abuse of the elderly. But there seem to be more referrals as there is more knowledge about this kind of thing, abuse of the elderly.

I would like to remind you that 80 cases for an office of three to handle is becoming a very large workload. The office was only created 11 months ago, so you can see as knowledge increases, so does our case load. That is encouraging, because it means we are helping more people in the community.

The office has been involved to date with at least five cases concerning financial exploitation, but because of the ongoing investigations, I cannot address them today. But there is one particular case we were successful in prosecuting, and I would like to speak about it now.

This case involves an 83-year-old woman by the name of Marian Welliver. Mrs. Welliver had many ties to our community through the many years she has lived here. Some of her involvements were with the Nevada Historical Society so some may remember her.

Her husband, Andy Welliver, was the Chief of Police for the City of Reno during the 1940's. He has passed away, I believe about 12 years ago.

Yet Mrs. Welliver, with her involvement, had fallen prey to financial exploitation through her home care provider. In 1988, Mrs. Welliver was released from a local hospital and was being seen by a nurse's aide on a routine basis. The aide through the agency, found working with her was satisfactory, but that it was more profitable for her to leave this agency and work directly for Mrs. Welliver. In befriending her, the aide was able to gain access to her checking and savings accounts.

It was only after Mrs. Welliver's death in August 1988 that my office in her estate proceeding, whereby going through her banking statements and other documents in the home, we were able to supply the Reno Police Department somewhere in the vicinity of 125 forged checks and other documents, such as a sale of her motor vehicle to this girl.

The Reno Police Department found the evidence strong enough to file both forgery and embezzlement charges. Today, this individual is still on probation and still paying restitution to the estate and the beneficiaries of the estate.

The sad note in this story is that a woman so involved in the past with law enforcement through her husband was able to be taken advantage of to this extreme. It was not discovered until after her death.

What we like to do in a lot of our guardianships today is to get in prior to this tragic event. Although this is only one instance in the area of financial abuse, my office is seeing more of these types of cases reported, simply because of the knowledge of agencies such as Adult Protective Services and my office, Public Guardian, to investigate these situations, as well as caring people become involved. We need your help out there to get involved.

I appreciate the opportunity to testify before the Committee today, Senator Reid, and thank you.

[The prepared statement of Mr. Cavallo follows:]

TESTIMONY OF

DONALD L. CAVALLO

PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN

WASHOE COUNTY

STATE OF NEVADA

Good morning, Senator Reid. I'm Don Cavallo, Public Administrator/Public Guardian for Washoe County, State of Nevada.

I would like thank you and Senator Pryor for inviting me to testify before this Congressional Hearing on Crimes Against the Elderly.

I would first like to explain the functions performed by the office of the Washoe County Public Administrator/Public Guardian.

As the Public Administrator for Washoe County, my staff and I administer estates of decedents who have no qualified person willing or able to do so. I am required by State law to make sure the property of a decedent is secured until a relative or other designated person can claim the property.

The office averages 275 to 300 death investigations per year and has a current case load of approximately 125 active probates. These cases involve the gathering of all estate assets, i.e. cash, stocks, bonds, jewelry, furnishings, vehicles, land and residences. It may also involve the continuing operation of a business. To date we have operated a 7-11 convenience store, an A-1 Mobile gas station, a tool and sharpening shop, and currently a chiropractic office.

At any one time the office may be handling in excess of six million dollars in assets with the final disposition to be distributed to the beneficiaries.

Although my department is titled both public administrator and public guardian, they are still separate and apart from each other. The office of Public Guardian was authorized by Nevada statute and I was designated in September, 1990. The office currently has two staff members working solely in the guardianship area. We are required by statute to investigate any guardianship referral to see if there is an actual need for guardian of the person and of the estate.

We receive referrals for investigations from family members, the Senior Citizens Center, attorneys, the District Attorney's office, the district courts, and sometimes just from concerned

neighbors. If our investigation proves the need, then we will file with the district courts for a petition for guardianship.

What would merit a guardianship after our investigation? A potential "ward" must be of diminished physical and/or mental capacity to the extent that they are incapable of effectively managing their personal or business affairs. A minor may also need a guardian to manage personal and financial affairs.

It is important to note that a person who uses bad judgment, or who lives in a lifestyle not acceptable to the community may not be incompetent. Guardianship is not used to impose compliance upon individuals who have an awareness of what they are doing--and have the right to make bad decisions.

Currently the office has been appointed guardian for approximately 80 adults and is investigating an additional 45 cases. Fortunately not all these cases involve neglect or abuse of the elderly, but there seems to be more and more referrals as there is more knowledge of the types of abuses the elderly are subjected to.

The office has been involved in five cases to date involving financial exploitation, but because of the ongoing investigations, we cannot address these. There is one particular case we were successful in prosecuting that I would like to speak of today.

This case involves an 83-year-old woman by the name of Marian Welliver. Mrs. Welliver's ties to our community had been numerous. She was involved with the Nevada Historical Society, and her husband, Andy Welliver, was the chief of police for the City of Reno during the 1940's. Yet this individual had fallen prey to financial exploitation through a home-care provider. In 1988, Mrs. Welliver, was released from a local hospital and was being seen by a nurses' aide on a routine basis. The nurses' aide found it more profitable to leave her job with the home health care group and work directly with Mrs. Welliver. In befriending her, the aide was able to gain access to her checking and savings accounts.

Only after Mrs. Welliver's death in August of 1988 was my office involved in her estate proceeding whereby going through her banking statements and other documents in the home we were able to supply the Reno Police Department somewhere in the vicinity of 125 forged checks and other documents, such as a sale of her vehicle to this girl. The Reno Police Department found the evidence strong enough to file for both forgery and embezzlement charges.

I believe to this day this individual is on probation and paying restitution to the estate and the beneficiaries of the estate.

The sad note in this story is that a woman so involved in the past with the police was able to be taken advantage of to this extreme. It wasn't discovered until after her death.

Although this is one instance in the area of financial abuse, my office is seeing more of these types of cases reported simply because of the knowledge that there are agencies such as Adult Protective Services and the Public Guardian to investigate these situations, as well as people that are caring enough to become involved.

I appreciate the opportunity, Senator Reid, to testify before this committee. Thank you.

Senator REID. Thank you.

If you would not mind waiting, we will have some questions of you and Mr. Errea.

Mr. CAVALLO. Not at all.

Senator REID. Agent Shepherd, would you proceed, please?

STATEMENT OF CHARLES D. SHEPHERD, SUPERVISORY SPECIAL AGENT, FEDERAL BUREAU OF INVESTIGATION

Mr. SHEPHERD. Thank you, Senator Reid.

My name is Charles D. Shepherd. I am a Supervisory Special Agent with the Federal Bureau of Investigation and have been stationed in Las Vegas, NV, for 10 years.

I would like to thank Senator Pryor and Senator Reid for inviting me to testify before this congressional hearing on Crimes Against the Elderly.

My specific duties with the Federal Bureau of Investigation include supervising the White Collar Crime Squad and I am the coordinator for the Las Vegas Boiler Room Task Force, which is a multi-agency unit created to investigate and prosecute fraudulent telemarketing companies.

The elderly, living on a fixed income, who are looking for a way to maximize their income, are often targets of illegal boiler room operations. In many cases, the elderly are direct targets of these companies. The Task Force has concluded after compiling information on illegal telemarketing companies that senior citizens are found to be more trusting and more reliable targets for these operators.

Telemarketing companies purchase lead sheets from lead brokers who categorize their leads according to age, geographic location, previous purchase data, and credit card usage. A senior citizen living in the Midwest who has previously purchased from a telemarketing company using a credit card is the ideal customer.

In September 1987, there were 207 licensed telemarketing companies with over 100 unlicensed companies operating in Las Vegas, NV. These companies generated over 6,000 complaints from consumers who felt they had been victimized by unscrupulous telemarketing companies. The telemarketing industry in Las Vegas generated an estimated $1.2 billion in gross sales by selling vitamins, travel packages, advertising specialty items such as pens, key tags, baseball caps, etc., and water purification systems.

Surprisingly, the majority of victims of these fraudulent companies, approximately 90 percent, are senior citizens. Why are senior citizens falling prey to these scams?

After talking to literally hundreds of victims, the seniors citizens are found to be more trusting than other generations. When a salesman tells a senior citizen they have won one of these five fantastic awards, they believe it. A large majority really do not question the value of the products being offered, how the company ever picked their name, how they picked their home telephone number, or really questioning if someone is just after their money.

As indicated on the television show "Fight Back" with David Horowitz, the best thing for consumers to adhere to is "If it sounds too good to be true, it probably is." Through the Las Vegas Boiler

Room Task Force, we advise consumers to investigate before they invest and never provide your credit card number over the telephone.

The exception to this rule is probably when you generate the telephone call, for instance in contacting a hotel for room reservations where they need a card number to hold the room, you the consumer generate the call, and know the organization you are dealing with.

Telemarketing is a viable marketing concept. It is used by major manufacturers, retailers, and suppliers to present their products on the market. Nationally, it is less than 5 percent who perpetrate the frauds that are of concern to the public.

Fraudulent telemarketing companies traditionally attempt to have consumers place orders of $300 to $700 on their credits cards to ensure that they have won one of the five major awards. The State of Nevada, under Nevada Revised Statutes indicates that if a person is told they have won something or is guaranteed to have won something, no purchase is required.

Additionally, if a person is told by a telemarketing company that they have won and no purchase is required, but in order to receive their prize they must pay the taxes, this is also fraudulent. If a consumer has won a major award, say a 1990 Lincoln Continental, then the consumer can pay for the winning award on their next income tax statement.

Many people have said they receive this kind of inducements all the time. This may be true since names are sold from company to company. One illegal Las Vegas company mails out 1.2 million winning postcards per month.

The Federal Trade Commission has shown that for every one written complaint on a fraudulent telemarketing company, between 100 and 150 did not submit a complaint but should have. The primary reason for not submitting a complaint was embarrassment at being ripped off and chalking the whole distasteful purchase up to experience. A statement I have heard often is "I was stupid. I am not going to let it happen again, and I am not going to tell anyone."

In order for the Task Force or any law enforcement agency to operate you need to voice your complaints, so that more consumers are not victimized the same way you were.

Needless to say, telemarketing of water purification systems, vitamins, travel packages, and advertising specialty items are not the only fraudulent concepts in town. They are the ones who touch the vast majority of the U.S. populations, but gold mining scams, penny stock purchases, security purchases, oil and gas leases, and land purchases also affect the unsuspecting.

The State of Nevada very proudly and rightfully so boasts of producing 52 percent of all gold and silver mines in the United States. This fact is also used by fraudulent gold and silver mining operations.

The investment in fraudulent mining operations may be as little as $2,500 to several hundred thousand dollars. These operators prey on the successful. With promises of enormous returns in a short period of time, and voluminous documentation through fraud-

ulent assay reports, geologist reports, and letters of credit, the elderly are drawn into the web.

In a fraudulent water purification system company, a consumer realizes something is wrong in 45 to 60 days when the promises are not fulfilled. In a mining scam, an unsuspecting consumer is told not to expect any return on their investment for 18 months to 2 years.

In some of the cases we have investigated, a consumer after 18 months receives a lulling letter indicating that weather has been bad, there were machinery problems, or production has slowed because the price of gold and silver has dropped, and they want to get the best return for your investment. In about 6 months, they say they will be in full operation again. This allows another 6 months for the fraud to continue.

I talked to a senior vice president of a major marketing firm who indicated he had been defrauded in a mining scam. This person had been contacted by phone by a salesman who knew he was intelligent and desirous of maximizing investments. The vice president agreed to accept an investment book filled with letters of credit, assay reports, geologist reports, deeds to property, photographs of the proposed mine site, photographs of equipment, and a proposed income comparison by year of his investment. When the salesman called the vice president back, he issued three checks to the fraudulent mining company totaling $180,000.

When the vice president filed a complaint after almost 2 years from his original investment, I asked him if he verified the documents provided in the book. He surprisingly said he had not. He reviewed the book once and since it was thick and since he did not have time to check the book out, his instinct told him to purchase.

Many professional people, as exemplified by this senior vice president, are extremely intelligent, highly respected in their fields of endeavor, and have worked tireless to achieve the stature in life they presently obtain, but generally are too busy to completely investigate before investing in these investments. This professional level group is the chief target of mining scams, security scams, penny stock markets, etc.

What can you as an elderly citizen do? If you have been victimized or believe you have been victimized, report it. Report it to your local police department, the Federal Bureau of Investigation, the U.S. Secret Service, Consumer Affairs, U.S. Postal Service, Federal Trade Commission, or the Better Business Bureau. Do not be embarrassed and foolish also—report it.

What if you are unsure about a company and believe you may be a victim in the near future? Report it to the same agencies listed above. The more current the information, the better chance law enforcement has of catching these criminals. In the case of the senior vice president investing in this mining scam, over 2 years lapsed before it was reported. This investigation took quite a while to resolve, since the criminals had a 2-year head start.

What if you are thinking about investing in a venture? There is a slogan to remember again—"Investigate before you invest." Contact State regulatory agencies, Better Business Bureaus, etc., and possibly an attorney before sinking a dime into any venture.

Some consumers indicate they did not investigate this investment opportunity because the salesman needed an answer within 48 hours in order for it to be more profitable for them and to get a jump on the competition. "The opportunity is extremely limited and time is crucial," they would say. "If you do not invest, we will just have to go somewhere else."

Does that sound familiar? Pressure, pressure, pressure. No one wants to miss the good investment opportunity to maximize their life savings or increase a fixed-income position. But at what price? Many pressure packed opportunities use psychological tools on consumers to make a consumer feel guilty for not investing or maximizing the greed they feel is in everyone.

As a chief executive officer of a major corporation told me "Investment opportunities come, and investment opportunities go, but extreme time constraints have no place in sound business practices."

Senator Reid, ladies and gentlemen, thank you for your time and for allowing me to come before you today.

Senator REID. Thank you very much.

Mr. Errea, I have a question or two I would like to ask you. Could you tell me when this man contacted you to make this investment, did he give you any information saying it would be a good investment, or did you just rely on him as a friend? Why did you make the investment, because he was a friend, is that basically the reason?

Mr. ERREA. Yes.

Senator REID. After you saw on television and heard in the news that the man had been arrested in California for these crimes, were you ever contacted by any legal authorities about your investment?

Mr. ERREA. I tried to find out about it, but I could not find out anything.

Senator REID. Who are you hearing from now? You said they keep promising you that you will get your monthly check, but who are you hearing from?

Mr. ERREA. He told me that himself.

Senator REID. He is still around here?

Mr. ERREA. Yes, he is still around.

Senator REID. Are you having trouble making it without your monthly check?

Mr. ERREA. I got a check 2 weeks ago.

Senator REID. And when did you get your check prior to that? Had it been 3 months?

Mr. ERREA. Yes, it was 3 months.

Senator REID. Are you able to make it without your monthly check, is it tough for you to make it?

Mr. ERREA. Yes, it is difficult.

Senator REID. Mr. Cavallo, you have indicated that—were you able to hear the first panel of witnesses who spoke about physical exploitation?

Mr. CAVALLO. Yes, I was here, sir.

Senator REID. As you heard from the testimony given by those people, there is a lot of physical exploitation that goes on that people simply don't know what to do about it. It seems to me that

this office which you are now running with your small staff, certainly referrals to you would be better than what is being done in most instances. Is that right?

Mr. CAVALLO. I believe that is correct, yes. As I stated, our office is fairly new, so the education in the community is slowly coming around. But we have worked very closely with the Department of Adult Protective Services, and have had quite a bit of success in this area. With the appointment of this office here, the Board of County Commissioners for Washoe County has shown a long-needed interest in this area, and we are going in that direction.

Senator REID. Are their other offices in the State of Nevada like yours that access public guardians for people?

Mr. CAVALLO. Currently there is only one other operating office in the State of Nevada. That is in Las Vegas, Clark County. That's the Clark County Public Administrator/Public Guardian, and his name is Jerry Schafer. He has been in office I believe about 12 years now.

Senator REID. So Mr. Schafer also has the responsibility of being a legal guardian for people?

Mr. CAVALLO. That's correct. Mr. Schafer's staff in the guardianship area alone has I believe six social workers in this area. They are involved in close to 400 active guardianships there.

Senator REID. And a percentage of those deal with seniors, is that right?

Mr. CAVALLO. Primarily by statute, we are to investigate reports about anyone over the age of 60 or older. I would have to say my statistics would be that about 98 percent of all cases we handle are elderly. The oldest guardianship I currently have active is a woman by the name of Bessie Smith. Mrs. Smith is 105 years old. I think she is one of our oldest residents up here.

Senator REID. Even though it is relatively new to Nevada, less than a year in Washoe County, is this something that is being used around the country?

Mr. CAVALLO. Yes. There are organizations of public guardians and public administrators throughout the country. But again, as our seniors increase in age and population, it is becoming more and more prevalent in the communities, or it is affecting them. Some of the areas such as California have had them for some time. When you get into the larger population jurisdictions they have been operating for many years.

Senator REID. Agent Shepherd, I was stricken by the testimony you gave where you indicated that for every person that calls in a complaint, did you say there are 100 or 150 that have not called in that have been victimized?

Mr. SHEPHERD. Yes, sir, that's correct.

Senator REID. Using that figure, and based on your written testimony on page 3, these companies in Las Vegas alone generated 6,000 complaints. So that would mean 900,000 people had been victimized?

Mr. SHEPHERD. Essentially that's correct, sir. For example, one of the searches we executed on a telemarketing company, we started with 22 complaints. By the time we completed our investigation we had over 1,300 victims from one company.

Senator REID. That's staggering. The State of Nevada, 200 licensed telemarketing companies generated 6,000 complaints, which would mean—using the statistical analysis you have developed—that from 6,000 to 900,000 other people were waiting to lodge complaints with you.

Mr. SHEPHERD. That's correct. Now because of the Task Force and the new laws that are active in the State of Nevada there are less than 30 telemarketing companies in Las Vegas.

Senator REID. Isn't it true that these telemarketing companies are like Bedouins, they move from one place to another until things get hot and then they move on?

Mr. SHEPHERD. The phrase we is "displaced criminality." All they do is move from one State to the next. Orange County—Los Angeles—right now has 422 telemarketing companies as opposed to our 30 in Las Vegas.

Senator REID. Some of our companies have moved to California?

Mr. SHEPHERD. That's correct. Some of the companies from Las Vegas have gone to Arizona, Southern California, Texas, New Mexico, Colorado, and Utah.

Senator REID. Everyone here should recognize the testimony Mr. Shepherd gave where he said "Surprisingly the majority of victims from these fraudulent companies, approximately 90 percent, are senior citizens." Again, this is staggering. It is illuminating. Frankly, it is almost unbelievable that 90 percent of the people that are contacted are seniors. Was that a surprise to you when your agency first developed those figures?

Mr. SHEPHERD. Yes, sir, it was. There was a lot of indication when I was receiving about 75 calls a day that over 90 percent of them were senior citizens. The majority of them were in the Midwest. As I indicated, most of them are more trusting, and when somebody is told that they have won something, they generally believe it without checking it out as thoroughly.

Senator REID. As indicated by the gross illustration you gave where a relatively sophisticated man got a telephone call, they sent him some papers, and he invested how much money?

Mr. SHEPHERD. He invested $180,000. The book they sent him, of which we have a copy, is about 4½ inches thick. They took pictures of machinery and land. The pictures of the machinery were from an advertising book. All they did was cut them out and put them in their book. The assay reports were phony, the geologist's reports were phony, the deeds of land they had were fake. The pictures of the land were just a picture of the desert they took.

Senator REID. How would anyone expect to get away with something like this?

Mr. SHEPHERD. That's why they send the lulling letters. Once they tell people up front that it will be 18 months to 2 years before they should expect any kind of return on their investment, they pretty much feel that they have a 2-year head start.

So they keep asking for more money, either because of bad weather or machinery problems. In some cases they will turn around and send you a check for $50, and $50, and $50, and expect to get more money in return.

Senator REID. I guess from a legal standpoint, these people feel they can justify what they have done, because they probably do have some kind of a company that does something, isn't that right?

Mr. SHEPHERD. That's right. Some of them have a company that operates an office so eventually they are looking to get some kind of investment. Another point is that most of the people, when they are investing money, like this $180,000, or even if they are spending $700 or $800 on telemarketing, there are no provisions except for now through the State of any recourse for trying to get your money back.

Up until the new State legislation for Nevada, there was no recourse at all. So they had lost their money. When we are trying to receive assets back, most of the time it either goes into exotic cars or narcotics or whatever. There is usually nothing to return to the citizens.

Senator REID. So there are people who make a living cheating people?

Mr. SHEPHERD. That's correct. One of the people we prosecuted and put in jail made personally himself $20,000 per week off people.

Senator REID. And prosecuting successfully is extremely difficult, isn't it?

Mr. SHEPHERD. It takes quite a while for prosecution, but through the Task Force we put over 100 people in jail already. But it takes quite a while to investigate all the aspects of these companies. They are not small companies.

Senator REID. Agent Shepherd, isn't it a fact that even though—and I am glad to hear about the 100 that are in jail—that's a small percentage of those people that are making their living cheating people?

Mr. SHEPHERD. Very small. In the heyday of the rooms in Las Vegas, of which there were over 300, there were almost 17,000 people employed in telemarketing in Las Vegas.

Senator REID. Seventeen thousand?

Mr. SHEPHERD. That's correct, sir. There was a section on West 57th, talking about the salesmen who were contacting people throughout the United States. The surprising statement that came from them was that when they contacted people over the telephone, they are faceless names on the telephone, trying to support a family in Las Vegas. So it doesn't matter who it is on the other end of the phone.

Senator REID. I noticed in your testimony that you said there is one company in Las Vegas that generates an estimated $1.2 billion in gross sales by selling vitamins and baseball hats and stuff like that through the mail.

Mr. SHEPHERD. That was the entire 300 companies. That's what the gross was.

Senator REID. I'm sorry.

I see here that one company, and I'm reading this directly, one illegal company in Las Vegas mails out 1.2 million winning postcards each month.

Mr. SHEPHERD. That's correct.

Senator REID. Do they send out any losing postcards?

Mr. SHEPHERD. No. Every one of the cards they send out is a winning postcard.

Senator REID. But 1.2 million?

Mr. SHEPHERD. That's correct, Senator. They send out the cards, indicating on every card that you are the lucky winner, the lucky recipient. That's how they get people to contact them. In some cases they send out a card saying "You are the lucky winner and you have to contact the company within 48 hours or you forfeit your prize."

Senator REID. It is my further understanding that a lot of these investments that are made, once people make investments, they are afraid of losing the original one, so they keep making more.

Mr. SHEPHERD. That's correct. In some cases, the person is told "Now that you have won prize level number one, you can go to prize level number two." A lot of times they don't get the prize from level one until they invest in level two, and so on.

We had one person that got caught in the swing, and he invested after nine times. So he invested $500 nine times. Eventually he got his prize, but a lot of the prizes, for instance the water purification system they sell for almost $500, you can actually buy it for $49.

Senator REID. Agent Shepherd, would you tell us why 90 percent of the victims are seniors in these schemes?

Mr. SHEPHERD. As I indicated, most of the senior citizens are more trusting. A lot of people of today's generation are not. One of the people we have in Texas, it is almost funny, he will call me up and say "Dave, they got me again." He has indicated he has been defrauded by telemarketing companies 18 times.

He is a multimillionaire in Texas, he allows these people to call him, he will invest in them, then turn around and charge it back on his credit card, or get the prizes back knowing it is fraudulent, and contact me.

He is lonely, he turns around and accepts these phone calls from people—it's somebody to talk to. The last time we talked to him he said he really liked this one salesman but he was not as good as the 17th one he talked to. [Laughter.]

But the senior citizens are found to be more trusting. The ideal is the senior citizen in the Midwest. I have given speeches in Nebraska and Iowa, trying to educate the people how to deal with these telephone calls when they receive them.

Senator REID. I appreciate very much each of you appearing on this panel today. I know that you all have other things to do. You are excused, and I appreciate the help you have been to the Committee.

I want to offer my sincere appreciation to those who have attended this hearing today. There are a lot of people here that I know, I cannot mention each one of you by name, but I do want to recognize a special friend of mine, Ruth Sullivan, who is here in the front row. She is 95 years old. She still gives piano lessons. But she is an example of the kind of people that care enough to come here and learn more about how she and others have been victimized and can be victimized.

Again, I want to express my appreciation to the staff, Karen Judge, who is from my Washington office, Anita Sullivan, from the Reno office, who worked long tireless hours to get this hearing to-

gether. It takes a lot of work to get testimony together, to get a victim, to get somebody that is on the firing line as far as criminal investigations go, and just generally round out this testimony.

As I indicated earlier, this has been really an historical hearing. This is the first hearing of its kind in Nevada. The information we have gathered here today a court reporter will transcribe, and it will be disseminated among the members of the Senate Aging Committee.

Our responsibility as members of the Aging Committee of the U.S. Senate—I served on the same committee when I was in the House of Representatives—is to try to gather information that can be used legislatively to make seniors' lives more meaningful. I think we have really come upon something that will fascinate the U.S. Senate.

I think what we have learned here today is something that is not generally known in Washington, and it should be. The exploitation at all levels is significant. When we in Washington hear of criminal activity among seniors, as I indicated before, we think of a senior unable to go shopping because of a gang member that might jerk their purse away. But really that's only a small part of the crime that affects senior citizens.

We have heard here of Mr. Errea and others who have been victimized, and they are just small specks in the overall scheme of people who have been cheated by people who have no conscience. And we are going to work on this. This information will be incorporated into recommendations that we will make to the full Senate.

I appreciate very much your being here today.

The formal part of this Special Senate Aging Committee hearing is terminated.

If there is anyone here in the audience that wants to come to either one of these microphones and ask questions or make statements, we have until about 11:10 until we are going to be run out of here because of the other activities, so if anyone has any questions please come forward.

Agent Shepherd is happy to wait, as is Don Cavallo.

Yes, sir?

STATEMENT OF JOHN W. RIGGS, SR.

Mr. RIGGS. Senator Reid, my name is John W. Riggs, Sr. I want to know why the particular thing you just passed off lightly, street crime, has been avoided as far as this panel is concerned. I'm quite certain that the people behind me here are as concerned about street crime as they are about white collar crime, and what they can do about it.

It looks like this is one area you have totally avoided. It should have been touched upon, because these people walking down the street, a lot of them can't drive anymore, or they have to take the buses, they are subject to being ripped off on the streets by druggies, criminals of all types. Their homes can be entered and robbed because they are considered too weak to fight back.

I think that's a topic that should have been touched on in this area.

Senator REID. Mr. Riggs, your point is well taken. I think as Agent Shepherd has indicated, seniors are preyed upon by these boiler rooms more than any other group. Why? For the reasons he has indicated. They are frail, and they are not looked upon as being strong physically.

Many seniors live alone, and of course this is one reason that crime appears to affect seniors so much. Frankly, the reason this hearing did not dwell on the area of street crime against seniors is the fact that there is a significant amount of attention focused on street crime, gangs, drugs, all the time. I think the things we have talked about here today are areas in our criminal justice system that get no attention. This is the first hearing of its kind in Nevada.

We made a decision after conferring with the sheriffs of both Washoe and Clark Counties, after conferring with the District Attorneys in both counties, that street crime against the elderly while probably not enough attention, at least is getting some attention, whereas the sort of crime we talked about today is often ignored. We wanted to focus public attention on some of these relatively unknown crimes against seniors.

Agent Shepherd, Mr. Cavallo, do you have anything to add to that explanation as to why we did not focus more attention on those aspects of crime against seniors?

Mr. CAVALLO. Senator, for myself, I would agree that there is already quite a bit in the news about the other types of crimes. What we are talking about is the exploitation that is going on behind the closed doors in people's homes. People do not want to admit to being involved in these things, they are embarrassed and afraid. A lot of these crime victims are being victimized by their family members and friends, by people they have know for many years.

These are the kinds of crimes that will go unknown and unheard of. As new as my office is, although the public administrator's office has been an elected position for some 75 years, I believe, I am sure there are very few people in the audience that even knew there was a public guardian's office that could investigate this area.

Again, to me knowledge is power. The more we can let people know that there are agencies and people—caring people—that are willing to help and are concerned, to let you know that you are not alone out there. I applaud Mr. Errea for showing up today, to be one of these people who will stand up and let you know that it happens to more than just yourselves.

Senator REID. Agent Shepherd, would you indicate something about what your agencies does about the other kinds of crime, you have investigations going where you cooperate with the Drug Enforcement Administration and Customers, and tell some of the things that are done about street crime by the FBI.

Mr. SHEPHERD. We have the drug squad, we have an organized crime squad that deals with some of the gang activities, the drug squad deals with the gangs coming out of Los Angeles. It is actually invested in Clark County. We are trying to monitor that situation as well.

Senator REID. Please state your name and ask your question.

STATEMENT OF GOTTFRIED KESSLER

Mr. KESSLER. My name is Gottfried Kessler and I live in Reno. I came to listen and to ask you a question, Senator. But may I make a comment about something that came up unexpectedly?

We had a representative of the AARP here. It is a good case to show you what nerve people have. Several years ago before I retired, I received an invitation from the AARP to join it. I wrote back and I said "Thank you very much for the invitation, but I have not yet retired." The answer came back that it didn't make any difference. I could join even though I was not retired.

The representative of the AARP called the information that is given out by con artists misleading, insidious, and fraudulent. Now since this put me on notice that something might not be right, I tried to find out more about the AARP, and I did with the help of the Internal Revenue Service. I would like all of you to maybe take this down or remember this.

Nonprofit organizations generally have to file reports with the Internal Revenue Service, and they are available through the Disclosure Office of the Internal Revenue Service in Baltimore, MD.

Now the question I have for you is very simple. There are over 85,000 rapes committed in this country every year. Of these, I think over 95 percent are rapes on women, over 80,000 of them. Only a few hundred, up to 200, are committed against really elderly people, women in their 70's and over.

Those crimes presumably are crimes not involving seduction or anything like it. They are considered violent rapes—people don't even doubt and investigate as to whether they are by invitation. My question is what is the punishment under Federal law, whatever Federal law applies, for a rapist and do you think that is adequate and what do you think would be an appropriate punishment for a rapist? First time, second time, fourth and fifth times?

Senator REID. Mr. Kessler, I have to be honest with you. Maybe Agent Shepherd can help me on this. It is my understanding that all rape laws are State-mandated. Are there any Federal rape laws Agent Shepherd? I don't know of any.

Mr. KESSLER. All right, that answers my question. You don't know what the law is.

Senator REID. I told you that, it is a State law, not a Federal law.

Mr. KESSLER. Most cases are under State law, and in the District of Columbia, no State law applies, except indirectly to some extent the laws of Maryland may be used. But whatever the Federal law is in the military service, in the Coast Guard offshore, in the District of Columbia, I presume in American Samoa and other possessions—I am just saying, and you have already answered and I thank you very much.

Mr. SHEPHERD. Senator, there are areas in the United States in which rape is a Federal crime. Most of the time it would be a State violation. The Federal crime would be, as was indicated, on ships. Crimes on the high sea, however, would be listed with the Navy as long as they were within the 28-mile limit. Also on Government reservations, Indian reservations, and the Nevada test site, things like that, it would be a Federal crime.

Senator REID. Interesting. Mr. Kessler, I don't know what the punishment is. We can look at it, and after looking at that I can tell you what I personally feel, if it is adequate or not. I will be happy to do that.

STATEMENT OF SARAH WILSON

Mrs. WILSON. My name is Sarah Wilson. I have spoken to you on several different occasions about this. I work for Bally's Casino downtown. On two different occasions they have had me beaten up by running garbage trucks into my back, and injured me to where I cannot work.

They kept me on the payroll. It started first in 1986. The last 4 years of my employment there I had four different incidents happen that sent me to the hospital. They have refused to pay my hospital and doctor bills and I have paid $10,000 out of my own pocket trying to keep my credit intact.

Senator REID. That sounds terrible. Let's discuss this with one of my staff members.

Mrs. WILSON. Yes. SIIS in Carson City has refused to do anything. I have talked to Larry McCracken, and he promised me he would take care of this matter. Mr. Barry Brunette, who was president of Bally's when I worked there promised me all the bills would be paid. I am in a position where I can't work anymore. They fired me in January because I can't do the heavy work anymore. I have not been employed.

I have been refused disability. I have been refused unemployment. I have no means of support. I do own my own home, so I went ahead and got a loan on my home, so I could live.

I also have a letter from Carson City stating that I should be receiving $170 a week disability, and I still have not gotten it.

Senator REID. I will be happy to help, Anita will get your name and we will contact Larry McCracken, whom I know well, to see if anything can be done.

Mrs. WILSON. For 4 years I have been shoved from one office to another.

Senator REID. We will make sure we contact McCracken's office.

Mrs. WILSON. Thank you very much.

STATEMENT OF MRS. ORSINI

Mrs. ORSINI. Hello, Senator. I am a little nervous, I am not used to talking.

Senator REID. I am a little nervous myself.

Mrs. ORSINI. I have a problem which I think should be addressed. I have been fighting it for 10 years. This is in regard to elder abuse. I live on a small street, and there is a small six-unit complex. They all rent.

I own my own home, the woman next door owns her home. There is a tenant on the corner that has been harassing, badgering, trespassing, trapping my cats, killing them. I don't leave the house very often. In the morning, the minute I leave she watches when I go out, and all the neighbors watch her, and she is over on my property pilfering, stealing what she can.

The senior attorney here at the center sent her a letter 4 years ago. She stopped for a little while, and then just continued. Last year, the police were up there three times, and they have gone over and talked to her and she did not stop. The police were over again this spring, and they have gotten hold of her, and she has not done very much.

Now she is encouraging the other tenants to harass and badger me. The last incident was about 3 weeks ago. A young girl was out in front of the house screaming and yelling at the top of her lungs. I went out on my property to see what was going on. I assumed that somebody needed help or assistance.

She lashed out at me with a filthy word, "F-ing old lady, get in the house where you belong." I went in and did not say anything. Then they started up again, and I thought she was going to get killed. I went out there, and she commenced again with that filthy mouth, telling me to go in the house and do what those kinds of seniors citizens do.

I called the police and they came up.

Senator REID. Let me ask you a few questions.

Do you mind telling us how old you are?

Mrs. ORSINI. I am 68.

Senator REID. Do you live alone?

Mrs. ORSINI. Yes.

Senator REID. And it is your home?

Mrs. ORSINI. Yes, it is my home.

Senator REID. How long have you lived there?

Mrs. ORSINI. For 18 years.

Senator REID. Do you see the lady in the green over there? If you will give her your name, we will try to follow up on this, okay?

Mrs. ORSINI. It is terrible.

Senator REID. You have made your point, and I appreciate it. Thank you very much.

STATEMENT OF HANK MORITZ

Mr. MORITZ. Good morning, Senator. My name is Hank Moritz. What I have to say is very brief, and I think it affects a lot of people here that are on low-income retirement and can't afford to supplement.

I recommend putting socialized medicine on the bill. I am pretty sure that there isn't a senior that wouldn't vote for that. Am I right or wrong? Ask the people.

[Applause.]

Mr. MORITZ. Who would not vote for that here? Raise your hand.

Senator REID. Thank you very much.

STATEMENT OF CHUCK WHITE

Mr. WHITE. My name is Chuck White. Senator Reid, I would like to ask you a question. I know this Social Security Notch Act, if it comes up for a vote, I know you will vote for it. But are you on the committee trying to get it up for a vote this year?

Senator REID. The question the gentleman has asked is what are we going to do about the Notch babies. As most everyone here knows, it is the years between 1917 and 1926 with the real dispari-

ty between 1917 and 1921. We have waited around a long time to do something about this. Claude Pepper was the leader of this for many years in the House. He died, as you know, and we really don't have a leader now in this area.

As a result of that, the week we came back, 2 weeks ago last Friday, I introduced a bill to change it. The only way it can be changed is by increasing funding. The Social Security Trust Fund, as you know, has lots of money in it now. I think we should balance that out before all the people born in those years die. The only way we can do it is with direct money, because those people were notched out of the years, so that they get different benefits than other people.

I am working on it. I personally introduced a bill the week we adjourned to do that.

Mr. WHITE. Thank you for all your help. I want to ask you one more question.

This Committee To Save Social Security, sponsored by James Roosevelt, is that——

Senator REID. The question people have is, is this Committee To Save Social Security, chaired by James Roosevelt, does it do any good? The answer is yes.

The next question people have about it is should they send any money to them? Should you belong? The answer is no. I think it is something that a lot of people are making money off of. I don't think a senior citizen should send 5 cents to the Committee To Save Social Security.

Mr. WHITE. Thank you. I have been sending mine in every year, but they send me letters every so often wanting more donations, and I have quit sending them.

Senator REID. We have time for one more question.

MALE SPEAKER. My question is this. President Bush made a trip here early last year. He gave away billions of dollars. I never see this on the budget, yet we are fighting a big deficit. Why can't you cut off his hip pockets like they have the raises on Social Security retirements, and put a stop to his spending overseas and use that to kill the deficit?

Senator REID. The question is why can't we cut down on some of President Bush's spending and apply it towards Social Security. The interesting thing about Social Security is that the Social Security Trust Fund is in excellent shape. The problem is that it has been used to offset the deficit. It has not been used for the purpose it was intended. If we had not spent the money on the deficit, there would be money to take care of all the notch babies and everybody else.

So what we are going to try to do is take the Social Security Trust Fund off budget. I frankly think that Senator Moynihan's proposal to cut payments under the Social Security Trust Fund until the moneys are used for the purpose they were intended is the right way to go.

Again, thank you all for being here today. This committee stands adjourned.

[Whereupon, at 11:10 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

CRIMES AGAINST THE ELDERLY: LET'S FIGHT BACK

WEDNESDAY, AUGUST 22, 1990

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Las Vegas, NV.

The committee met, pursuant to notice, at 9:12 a.m., at the Las Vegas Convention Center, 3150 Paradise Road, Las Vegas, NV, Hon. Harry Reid (acting chairman of the committee) presiding.

Present: Senator Reid.

OPENING STATEMENT OF SENATOR HARRY REID

Senator REID. This U.S. Senate Special Committee on Aging hearing is called to order.

I, would like to welcome each of you here today. The Senate Special Committee on Aging is grateful to those who will testify as witnesses, especially those who are here as victims.

I think it is interesting to point out here that hearings such as the one we are holding today, have never explored the subject of crime against the elderly, in Nevada. We had a hearing yesterday in Reno. I point out that for senior victims of crime, it is most difficult for them come forward and testify.

This hearing is divided into three panels. Three witnesses on three different topics will testify. Yesterday in Reno we had a senior victim who was 82 years old. She had befriended twins, twin girls who were no relation to her. Over the years these two women had abused her significantly, stole from her, pushed her around. They had gone to Caliente and came back. They had been to various courts. She had prepared her testimony, with my staff. She was afraid to come. At the last minute she was talked out of the hearing. We couldn't even reach her by phone.

The same thing has happened here today. The first witness, a woman who has been physically abused, suddenly didn't answer her telephone as of late last night. We don't know where she is or where she went or who took her there, but she didn't answer her telephone. We sent someone from Metro Police over to her home, and she didn't come to the door. Her testimony will be read this morning, but I want to stress that what we're exploring today is very serious business. Victims have a most difficult time coming forward and to tell their stories. That's what this hearing is about.

To the senior victims here today, I appreciate your strength and your courage in being here.

Testifying, you will find, is frightening, but I am confident that it will soon serve to make life better for seniors all over this country.

Each of you has heard about the Savings & Loan mess. The numbers are so big, as we talk about those losses, they are almost meaningless. We don't know if it's $350 billion or $1 trillion that will be paid by the taxpayers. It's a large amount of money, but let me give you some facts that everyone can understand.

We've all heard about Lincoln Savings & Loan, but how many of you folks know about the American Continental Corporation? The senior citizens in Clark County know, because people in Las Vegas, Henderson, Boulder City, and even Laughlin who invested in Lincoln certificates of deposit were made aware very clearly. They were great investments, these certificates of deposit, until Lincoln folded. But at least they were insured, until the slick-talking con artists at American Continental called those people in Clark County when their CDs matured. The crooks talked elderly investors into reinvesting these funds—which had been insured, into American Continental an uninsured investment. They paid an even higher rate of interest. There was only one catch. These slicksters forgot to mention that these funds were not federally insured. When Lincoln folded, these seniors lost everything that they had in their bank accounts.

It takes a special kind of low and vicious cur to prey on the elderly. Unfortunately, we've seen that beast in Nevada more often than anyone would like to admit.

Crimes against the elderly come in many forms. Those who victimize the elderly take the valuables they've worked all their lives to earn, or they take a senior's health or even his or her life. Their urge to feed on the vulnerability of seniors knows no bounds, no decency. Friendship doesn't matter, or even ties of love or parenthood.

Imagine how the woman felt—a lady who had made her home in Henderson for herself and her adult son—when she fell behind in her house payments. Her son arranged to refinance the house, but what he forgot to tell her and what the mortgage company didn't explain was that the title was transferred from her name to his name. Imagine how she felt when he threw her out of the home for which she had worked her whole adult life.

Or imagine the lady whose daughter cared for her—cared so little, she left her mother untreated and unwashed for days on end, cared so little that the woman developed bedsores, literally to the bone, cared so little that her mother died as a result of this lack of care.

These stories that I just mentioned to you are not ficticious stories that we dreamt up in Washington. These are actual case histories from the Clark County District Attorney's Office. These are the stories of real men and women. Their stories are horrifying. They are no worse, though, than some of what you're going to hear today.

I appreciate the fact that what you're doing—telling the reality of life for many seniors, takes a special kind of courage. I've talked about the victims, but it's also those people who are spending their professional lives dealing with these problems. You're going to hear from Dr. Greenhouse, Ms. Angerson. These are people who spend

their lives dealing with these problems. You'll hear someone from the Postal Service. You'll hear from the FBI. Protecting seniors from crime is what these people do, and I respect and appreciate them for it.

The incidence of elder abuse is up 50 percent, from one million victims in 1980 to a million and a half victims in 1990. While States spend an average of only $45 per child for protective services, they spent a minuscule $3.80 for each elderly resident for protective services. This is in spite of the fact that 40 percent of family abuse involves elderly victims.

The senior population in Nevada has doubled in the last decade. Given that this is the fastest growing State in the Nation, the senior population is bound to continue to expand. Because of the recent growth in Nevada there are more crimes committed every day against seniors.

It is time to fight back, so I want Nevada seniors to be aware of the types of criminals that may take advantage of them and to be able to protect themselves. We need to take action now, to prevent crimes before they happen.

You're not going to hear a lot today about crime we hear of everyday "I want to go to the supermarket, but I'm afraid someone is going to snatch my purse as I go there." You're not going to hear about that today. Why? Because that's what so many people direct their attention to: Sheriff's Departments, Police Departments, District Attorneys. There is attention focused on that type of crime everyday.

What you're going to hear about today is the more subtle, the more sophisticated, the more professional type of crime that is committed against seniors. You will find that the vast majority of crimes committed against seniors are of this type and not purse-snatching.

Crimes you already are aware of include physical abuse, robbery, assault, battery, theft. Criminals also use deception to victimize senior citizens. These criminals will claim that for a price they can get you a bigger Social Security check, for example. They will claim they want to help you handle your finances when you are a little under the weather. They may threaten you physically and emotionally in the very home in which you live.

This is a blown-up copy of a letter [1] that was sent by unscrupulous people to prey upon seniors just like you. If you look at the letter it seems as if this was sent by the FBI, which means to everyone, of course, the Federal Bureau of Investigation. But it was actually sent by the FBI, the Fountains Bureau of Invitations, promising a free car, if you go to the Fountains Resort to pick up a free gift. They were implying an affiliation with the Government, which undoubtedly attracts the attention of many who would otherwise just throw this away. Today we're going to look at this and all types of crimes against seniors.

Today's hearing will address the problem of mail fraud, physical abuse, and financial exploitation directed against the elderly. We will hear from social workers and experts in criminal justice, crime

[1] See appendix, p. 121.

prevention, geriatrics, and gerontology. We will hear from Nevada citizens who are victims of crimes against seniors.

As some of you know, the Senate Special Committee on Aging has the duty of fact-finding. That's my responsibility as a member of this committee. Holding hearings leads to development of recommendations, legislation, and administrative actions to help seniors not only in Nevada but all over the country. As I indicated, this is the first hearing of its kind held in Nevada and we're going to hear things that are staggering to the imagination. We'll take this information back to Washington, and disseminate it to other committee members.

This is a formal hearing of the U.S. Senate. Time is limited to a designated number of witnesses, nine, to be exact. Should any of you here today have information to offer, I encourage you to call one of my offices or to fill out the cards in the lobby.

We are also going to reserve time at the end of this hearing for brief comments that you might have on the subject matter before the Committee or, if in fact there is something that is really grating at your nerves, you are certainly welcome to talk about that, also.

So I would appreciate everyone paying attention to the testimony that we're going to hear today. What you will hear will provide a strong argument for reauthorization of the Older Americans Act, as well as for passage of the Representative Payee Prevention Act and the Health Insurance Counseling and Assistance Act of 1990.

I want to thank everyone who has worked so hard in preparing this hearing. We have had significant help from Rex Bell's office, the Clark County District Attorney. We've had help from the various police agencies throughout the county, and especially from Sheriff John Moran's office.

We will now begin this hearing, and it is my understanding we have someone who is going to read the testimony of Gertrude Wynn.

The testimony of Mrs. Gertrude Wynn will be read by Jo Ann Angerson, who works for the Metropolitan Police Department.

This is not Ms. Angerson's testimony. This is the testimony that she and my staff helped to prepare for a woman by the name of Gertrude Wynn, did not show up today.

STATEMENT OF GERTRUDE WYNN, SENIOR PHYSICAL ABUSE VICTIM, AS READ BY JO ANN ANGERSON

Ms. ANGERSON. I would like to preface the reading of Gertrude's statement with the comment that while Gertrude is not present this morning, I did secure her permission to read her testimony. She is either ill or has been intimidated by her family members to not appear here today, or a combination of both, which is what I suspect is the truth. However, she did meet with me and one of your aides last week and agree to give this testimony, so I am quoting verbatim her statement.

My name is Gertrude Wynn. I am 72 years old and a widow. I have lived in Las Vegas for 40-some years.

I had heard about protective services but I never had any dealings with them until this year. Two wonderful ladies from Metro helped me through this tragedy.

They went all out for me. Protective services is a wonderful thing. I had read about it but I didn't know I was going to need them.

In January, my son lost his job, his car blew up, and he turned to alcohol. He came home one afternoon and was out of his mind with whisky. He didn't seem to know who I was and was calling me by different names. He started smashing everything in the house, and then he turned on me. He punched me out. I was bruised all over my face because I turned away from him as he was hitting me. He then knocked me down and I hit the coffee table, which fell on top of me. He then jumped on top of the coffee table and had me pinned under it. I wanted to get out the door, but I couldn't move. I finally had to pretend I was dead or unconscious. I held my breath and closed my eyes, and he got off me. As I started to head for the door he ran to the phone to dismantle it. I grabbed a key, unlocked the door, and ran to my neighbor's house. She then called the police and an ambulance. When the police came, he was gone.

He came back the next day when the two ladies from Metro were here. My neighbor saw him coming and called the police. He was still very nasty and abusive and the police arrested him and took him to jail. He didn't even remember what happened. He could have come out on bail, but these nice ladies from Metro convinced me that the best thing for my son and myself was to press charges for elderly abuse. I went through the court procedure and he was convicted and is now serving his time in jail.

I wouldn't have had the courage to press charges against him if it weren't for the support of the ladies from Metro. It was very hard to see him go to jail, but I was giving him everything I had and I had no more to give him. They were with me all the way and supported me. They gave me tough love and made me do that with my son. They made me feel that my rights were important. I like to hear that and more people need to know that, especially at my age. No little old lady at 72 should be knocked around by her son.

The hardest part of the ordeal was to see what my son was doing to himself. To see him that worked up and that evil, to turn on his mother like that, was just terrible. I was always a good mother and I didn't deserve that. It was very hard to let him go to jail and stay there, but I know now that it was the best thing for him. He hasn't had a drink in months. He calls me every day and apologizes for what he did to me, and seems to be getting his act together. I would like to commend the system for helping my son. It has changed his way of thinking about himself. He's finally getting help. I want him to be a useful member of society and I want to be proud of him.

I want people to know how wonderful the police department and the District Attorney's office were to me. They made me feel like a worthwhile member of the community. They supported me through this whole thing and never lied to me. They were always honest and up front. They picked me up and took me to my son's hearing. They literally held my hand through the whole process.

Our population has grown and is continuing to grow. We need these services so badly. I got help and I'm very grateful for it. We need to make sure that there is funding for these services and that people are aware that there is help out there. I want other seniors to know that there is hope and there is support out there for them. I want them to know that there are people who care and that the system does work.

Senator REID. Thank you very much. We're going to have some questions for you and Dr. Greenhouse, if you would now proceed to your own testimony.

STATEMENT OF JO ANN ANGERSON, ABUSE AND NEGLECT INVESTIGATOR, METRO POLICE

Ms. ANGERSON. This is my testimony, not Gertrude's. I prepared this testimony and, as the Senator has indicated, I will entertain any questions, because you can't possibly compact all that we do and we see into a few moments.

The aged are the fastest growing segment of Nevada's population. In 1910 only 4.3 percent of the American population was 65 or older. In 1980, that figure jumped to 11.8 percent. Most older Americans now enjoy a better quality of life in terms of health,

housing, recreation, continuing employment, and income security than any other aging population in the Nation's history.

At the same time, however, old solutions to their needs are becoming non-solutions. For example, with smaller size families, there are fewer children to assume responsibility for aged parents. Moreover, the old system of the adult sons providing economic support and adult daughters or daughters-in-law providing care is less and less a viable arrangement. The percentage of women who devote full time to homemaking has drastically declined.

For each severely disabled elderly person who lives in an institution, there are two who live with, and depend upon, their families. While many critics of institutional care might regard this arrangement as laudable, in-home care can impose enormous financial, physical, and emotional burdens on families or other caregivers. Few families are prepared to provide adequate supervision and personal care without professional help. Many do not realize that the average length of home care for a severely dependent person who is over 70 is between 5 and 6 years. Cost for caring for a dependent adult in the home or paying for care in an institution can run beyond $30,000 a year, financially crippling many families.

No one knows whether there is more conflict and abuse between the generations than before, but there is more awareness and concern. By the 1970's all States had enacted child abuse laws, then "domestic violence" laws. Now many States have enacted adult protection laws. The usefulness of these laws has been tempered by the fact that many law enforcement officers don't know they exist. The Las Vegas Metropolitan Police Department provides ongoing training to its officers. We have a specialized Abuse/Neglect Unit, of which I am a member.

I am an Abuse/Neglect Specialist. I am one of a three-person team within the Metropolitan Police Department, and as such I am responsible for investigating—among other crimes—allegations of abuse and neglect and financial exploitation perpetrated against the elderly. The Metropolitan Police Department receives these reports from various sources in the community, and we have developed a model network structure with other pertinent community agencies which assist the elderly. This enables us to criminally prosecute if the elderly victim is willing and able, but also allows us to provide assistance and services of a protective nature to ensure that the elderly victim is not again victimized. Our office comes in contact with approximately 150 individuals yearly who have been the victims of senior abuse or neglect. These individuals are victimized by family, close life-long friends, landlords, neighbors, casual acquaintances, paid caretakers, and even health care professionals. They are abused and neglected in the following ways.

First of all, physical abuse, which consists—among other violations—of the infliction of pain or injury or physical coercion; confining a senior against his or her will; slapping; bruising; sexually molesting; cutting; lacerating; physically restraining; pushing, and shoving.

The second category is psychological abuse, that is, the infliction of mental anguish; demeaning; name-calling; treating a senior as a child; insulting; ignoring; frightening; humiliating; intimidating; threatening, or isolating that senior.

Also, financial abuse, which is the illegal or unethical exploitation and/or use of funds, property, or other assets belonging to an older person.

And finally, the denial of civil rights, that is, ignoring the competency of the individual; the misuse of guardianships and powers of attorney, and not providing a least restrictive alternative.

In the category of neglect we have intentional neglect, which is the failure to fulfill a caretaking obligation, including deliberate infliction of physical and emotional stress or injury on the older person; abandonment; denial of food or health-related services, and depriving a senior of dentures or eyeglasses or medication.

Unintentional neglect is the failure to provide food or health-related services because of the caretaker's infirmity, laziness, or inadequate skills, knowledge, or understanding of the necessity of prescribed or other essential services.

Finally in that category, self-neglect, which is not a prosecutable offense. It is a competent adult who fails to conform to community standards of conduct, hygiene, or maintenance of home or property.

When information is received that an older person is possibly abused or neglected I contact that victim; determine that he or she is not in immediate danger; secure his or her safety when necessary; identify what services are currently being provided; assist the senior in signing a crime report if indicated; gather evidence; have the injuries and/or the environment photographed, and provide help in obtaining medical treatment if necessary.

Financial and medical records are also obtained, witness statements are taken, and the coordination of services from other agencies—such as Senior Protective Services or the Public Guardian's Office—are effected to prevent recurring victimization and to provide the least restrictive solution for an older person. Prosecution for the abuse and neglect is pursued whenever appropriate.

We also have after-hours emergency shelter for seniors who are visiting our community as tourists and for local seniors in need who become lost, confused, or in need of a safe environment.

With the projected growth in Nevada's senior population, it is very clear that all agencies, including the Las Vegas Metropolitan Police Department, will need to greatly increase resources to address the needs of senior citizens.

Senator REID. Before you finish with your testimony and before we go to Dr. Greenhouse, I think it would be helpful to — I have a copy of your background—I think it would be important to those attending this hearing if you would tell us a little bit about yourself, how you got into this line of work and what your experience and background is.

Ms. ANGERSON. As I said in my testimony, I am an investigator for the Abuse/Neglect Detail of the Metropolitan Police Department. I am a civilian investigator, not a commissioned officer. I have been doing that job for 15 years. As a matter of fact, I got my 15-year pin yesterday.

In that capacity I investigate all aspects of abuse and neglect of juveniles, of the elderly, and of those individuals who are institutionalized, such as clients of any of our mental health and mental retardation systems and services.

I also investigate allegations of abuse and neglect in the Clark County School District and private schools, as well as those individuals who attend day care centers.

I provide assistance and backup to patrol units. I testify in Juvenile, Civil, and Criminal Court. I provide training to the community and statewide regarding abuse and neglect of the elderly and juveniles. Prior to that, I was a youth counselor at a youth hostel which is no longer in existence, but I became acquainted with the Police Department through that job. I applied at the Police Department, and that's how I started.

Senator REID. That's what we needed. Thank you.

Ms. ANGERSON. You're welcome.

Senator REID. Doctor, I'm wondering if, prior to getting into your formal testimony, you would give us your background, experience, education?

STATEMENT OF ARNOLD H. GREENHOUSE, M.D., DIRECTOR, GERIATRICS AND GERONTOLOGY, UNIVERSITY OF NEVADA-RENO

Dr. GREENHOUSE. Thank you, Senator Reid. I am Arnold Greenhouse. I am the Director of Geriatric Education and Research at the University of Nevada School of Medicine, which is a statewide institution training young physicians in the practice of medicine.

We feel geriatrics is an extremely important subject for young physicians to learn about, and that is what I'm doing. I've spent many years learning how to take care of the elderly, and my job is to teach others how to do this.

Senator REID. Tell us about your educational background.

Dr. GREENHOUSE. I am a graduate of the University of Kansas School of Medicine. I was trained in internal medicine, neurology, and finally, in geriatrics. I am a specialist in all three areas.

Senator REID. You also have affiliation with the Veterans' Hospital in Nevada?

Dr. GREENHOUSE. I am the Chief of Geriatrics Extended Care at the Veterans Administration Medical Center in Reno in addition to my work with the University of Nevada School of Medicine.

Senator REID. Thank you. Please proceed.

Dr. GREENHOUSE. My remarks will largely be confined to a certain aspect of physical abuse of the elderly which isn't well-appreciated or well-known. I would like to make one or two comments beforehand.

It is appropriate that these first meetings on crimes against the elderly be held in the State of Nevada since we have the largest growing percentage population of older people in this country, and have had that growth in the last few years.

The other thing is that many people talk about crimes and abuse against the young; very appropriately they do that. But I would like to point out that we are now at a place in our society where the population of people over 65 is exceeding that of the population under 25, which is a really remarkable statistic, for the first time in our history.

One last preliminary comment. I invite any of you who are interested to attend the national conference which will be at the Flamingo Hilton Hotel in Las Vegas on the 17th and 18th of Septem-

ber. The subject is "Elder Abuse: Past, Present, and Future," and not only will there be experts from this State, including members of the Metropolitan Police Force of Las Vegas, but also national experts in the field of elder abuse.

Now, physical abuse of the elderly is a subject of great interest and one that has only come to light in recent years. I won't discuss its many facets. It is a complicated and difficult emotional/legal/social area. However, one form of physical abuse against the elderly that is not well realized that is prevalent in our institutions, acute hospitals, and nursing homes, is the use of restraints. This really is a form of physical abuse and I'd like to elaborate for just a few moments on this subject.

Now, restraints—there are two types. There are physical restraints, which are appliances designed to inhibit any form of free movement, and then there are chemical restraints, which are drugs given with the specific and sole purpose of inhibiting specific behavior or movement. We want to deal with those a little bit.

The United States is the only country in the world now which widely uses restraints in medical management. This type of device is applied mainly against older people. It had its roots in the madhouses or psychiatric hospitals of hundreds of years ago and was really expunged from European hospitals in the 1800's. It is still widely used in this country, both in psychiatric hospitals, acute hospitals, and nursing homes. But the history is very, very long. It is thought to be applied against 20 to 25 percent of people in acute hospitals alone, and I think any of you who have been in an acute hospital have seen older people who have been tied down for one reason or another. I'm sure some of you may have experienced it.

The use of physical restraints to inhibit movement occurs in up to 85 percent of nursing homes in this country, applied against people a high percentage of the time. And your risk for being tied down and inhibited in your movement and not allowed to do what you want to do or go where you want to go in an institution increases the older you get, or if you are perceived to have any sort of intellectual or thinking impairment.

Now, I use the word "perceived" because hospital personnel often perceive intellectual impairment when it isn't present, or the intellectual impairment results from what may happen to people in the hospital. This does happen.

The reason for the use of restraints is always the same: to protect the patient. This is used over and over again. Another hidden excuse, sometimes overtly mentioned, is to control behavior. It is very appealing to use restraints against people in hospitals and nursing homes. They are easily applied; they are well accepted; they are sanctioned by hospital administrations, by physicians, by nurses. Once you tie somebody down, they will do what you want. Compliance is absolutely assured, and it's very cheap. It's a lot easier to tie somebody down than to have a nurse tending to their needs.

Now, what happens when these restraints are used? As a geriatrician, as a person who takes care of older people, I am very concerned by the fact that restraints impair function. My job is to keep older people functional, not to do things that keep them from functioning. The effects are devastating on various parts of the

body. Bone is lost. Joints become stiff. Muscle is lost. Lung function decreases, and I could spend hours talking about that, but we don't have the time.

But the consequences are really serious. People become injured from restraints as they struggle with them. They urinate and defecate in bed because they cannot get to toilet and there is no nurse around to help them at the time. Infections are higher. Skin breakdown is high. So why, you might ask me, are they tolerated in the institutions of this country? It is very easy. Doctors in the medical profession to a large extent now are driven by legal liability. They are scared to death of being sued. Without thinking very much about it, restraints are used to protect the patient and to keep them from injuring themselves, and yet they are a major cause of injury.

It is interesting, however, that in this country there has never been a lawsuit successfully prosecuted for failure to restrain, yet the restraints are used widely. There have been lawsuits resulting from injuries due to restraints.

Now, there are some very important moral and ethical issues relating to the use of restraints. I believe that society's obligation to the individual person is to protect their freedom, and restraints are a way of keeping people from having their freedom. Restraints are used in this country without consent from the victim. He or she is never asked whether they could be tied down. I believe they are an infringement on people's rights, and they are against independence. Our job, again, is to keep people up and around, moving, healthy, out of institutions, recovering from illness, and if people are tied down, they can't do this.

But again, I want to point out that they are sanctioned. People walk into a hospital, the doctor has done this, the nurse has done this, and they are accepted because they are part of the medical treatment. I submit that there are many alternatives to using restraints, both in the acute hospital where it is difficult, and in a nursing home where restraints are largely used because of the lack of personnel, ignorance, ideas that people are protected if they are tied down.

Our feeling is that there needs to be legislation, at least for any patient who receives funding through Medicaid or Medicare, through Federal sources, in which restraints are not allowed. I think that people who use restraints need to look very carefully at why they are using them. What is the problem? Attempt to eliminate it. Restraints are no substitute for good nursing care. They should be used only for very short-term, if at all. The family must be consulted. There must be an informed decision about their use, and a physician should be forced to write the orders each day about restraints. The physician needs to think about it.

The alternative to restraints and their lack of use in other countries is a different approach to the nursing care of the elderly where people are watched, where there are more people attentive to their needs, and where the elderly are treated at a different level in an institution than in our society.

I'll stop at this point, Senator Reid, and I will be happy to answer any questions.

[The prepared statement of Dr. Greenhouse follows:] [1]

Senator REID. Thank you very much.

Would you explain, Ms. Angerson, how big Gertrude is?

Ms. ANGERSON. Yes, sir. I have a photo of her which I have her permission to utilize, if you'd care to see it.

Senator REID. Yes. We'll keep that as part of the record.

Ms. ANGERSON. Gertrude Wynn is about 4 feet, 8 or 9 inches. She weighs about 90 pounds.

Senator REID. Do you have any idea how big her son was?

Ms. ANGERSON. Yes. Her son is about 6 feet tall and he's about 180 or 190.

Senator REID. You have indicated that there are three people—two other people that work like you?

Ms. ANGERSON. Yes, sir.

Senator REID. But your duties do not relate solely to seniors?

Ms. ANGERSON. That is correct.

Senator REID. In fact, you've told us that a lot of your work deals with juveniles?

Ms. ANGERSON. That is correct.

Senator REID. I don't know how large Clark County is, but let's say——

Ms. ANGERSON. It's 778,000.

Senator REID. Okay, 800,000. We'll round it off.

Are there other people in other agencies that do your same kind of work?

Ms. ANGERSON. Senator, there are other individuals who do the kinds of work we do in certain areas. For example, Clark County Senior Protective Services has social workers who do a lot of the duties that I described, which we also do. There are Protective Services Officers at Juvenile Court who do a lot of those kinds of things.

Senator REID. I want this limited just to seniors, though.

Ms. ANGERSON. Okay. In Senior Protective Services there is a group of social workers, a staff of social workers over there, that does our job up to a point. However, when it becomes necessary to gain emergency access into a home, or when it becomes necessary to prosecute criminally, we are the only ones who are legally mandated to do those kinds of things.

Senator REID. I think it's tremendous that the Sheriff's Department has people who are involved in dealing with seniors. But having said that, I am also stricken by the fact of how few there are to handle this massive senior population that we have.

Ms. ANGERSON. I frequently am too, Senator.

Senator REID. I think you would have to frankly admit that all three of you could spend every minute of the day, and more, dealing with just problems of the seniors, could you not?

Ms. ANGERSON. Yes, sir. Absolutely.

Senator REID. And it goes without saying that you just need more help.

Do you get any help from the Federal Government, any Federal agency?

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[1] See p. 15.

Ms. ANGERSON. Not that I'm aware of.

Senator REID. I think that's appalling, that the Federal Government, involved so heavily in the lives of seniors through veterans' benefits, Social Security payments, Medicare, Medicaid, that it just lets this go unnoticed. We have to make some changes there. I think what Dr. Greenhouse mentioned is that just in the area of physical abuse alone, there should be something to direct attention to the one area that he's an expert in—there are a number of areas in which he is expert, but the one area that he has spoken of here today—physically restrained people. That's incredible, that the Federal Government is not more involved.

Ms. ANGERSON. Yes, sir. And I will tell you that on an informal basis, with families that are taking care of their older relatives at home, there is a lot of private restraint in homes because families simply do not know what else to do. On more than one occasion we have responded to homes where a person has to go to work and his aging relative is there and has ceased to be competent or capable, and because the family either doesn't know how to seek out services or simply is not interested in doing that, we've come upon more than one case—probably a dozen in my career—where seniors have basically been tied to their beds or tied to a chair at home for 8 or 10 or 12 hour periods without any 'kind of supervision or checking in on them.

Senator REID. You personally are aware of 10 or 12 cases like this?

Ms. ANGERSON. Yes, sir, in the last 7 or 8 years since elder abuse law was enacted in the State of Nevada.

Senator REID. And, of course, most of those cases would go unnoticed because the person is tied down. They can't in any way ask for help.

Ms. ANGERSON. That is correct.

Senator REID. On the second page of your testimony you list a number of problem areas of abuse and neglect, physical abuse.

Ms. ANGERSON. Yes, sir.

Senator REID. Do you see frequent cases of physical abuse in the work that you do?

Ms. ANGERSON. Yes, sir.

Senator REID. How are these cases brought to your attention?

Ms. ANGERSON. They are brought to my attention sometimes by a family member who is, perhaps, from out of town, because this is a huge retirement community. A lot of seniors move here who don't have any extended family here. A family member may come to visit and notice that any or all of the conditions that I have described are present in the senior. They will call us.

Senior Protective Services or one of the other agencies in the community will call us and say, "We need your help." We have a terrific team approach in terms of agency response, Senator, I want you to know that. But they come to our attention through a series of mandated reporters, much like the child abuse law. There is a lengthy group of mandated reporters, social workers, physicians, care providers on every level who are mandated to report any kind of suspicions.

Senator REID. You indicate here that cases with which you are familiar include physical coercion. Can you think of cases where you have seen physical coercion?

While you're thinking about that, have you had cases where there has been sexual molestation of seniors?

Ms. ANGERSON. Oh, yes, sir. I had one recently, an 80-year-old woman who was molested by a gentleman who was approximately 40 years younger than she, for the sole purpose of extracting her moneys from her and taking advantage of her declining state of mind.

Senator REID. So this is something that you have come in contact with over the years?

Ms. ANGERSON. Yes, sir.

Senator REID. You've talked about physical restraining. You have indicated that there is psychological abuse?

Ms. ANGERSON. Yes, sir.

Senator REID. Can you think of any cases like that?

Ms. ANGERSON. Yes, sir. There are a number of them. It is very common. When I respond, there is a—as a matter of fact, I was just on a case last week in which a daughter was caring for her mother, both of whom were widowed women. There was a lot of obscenity, a lot of baby talk. The adult daughter was real frustrated with taking care of her mother, who had become incontinent and who had become not able to care for herself. There was a lot of just nasty name-calling and insulting kinds of comments, put-down kinds of comments.

Senator REID. Well, most interesting, to say the least.

Dr. Greenhouse, as I was listening to you give your testimony here today, where you have seen and documented in your research that frequently—the figure that you used, up to 25 percent of people in acute care hospitals; 85 percent in nursing homes using physical or chemical restraints. You have indicated, as has Ms. Angerson, that people are tied down so that they can't move, tied down to the bed.

There is legislation now pending in the Congress of the United States that deals with how we get veal, baby cows. One of the big complaints there is that lots of veal is produced by restraining these small cows from the time they are born until the time they are slaughtered so that they are unable to move. They can just stand. They can't lie down, they can't turn around, they are simply put in these pens so that they are anemic, so that the meat is white.

Now, there is going to be Federal legislation—there is Federal legislation introduced to this effect, to stop veal from being produced in the United States the way it is. Other countries have already passed legislation to stop raising calves in that manner. Here we have human beings that are being restrained, and there is no legislation to stop that.

Dr. GREENHOUSE. I think one of the most frightening things I've heard was the statement of people restrained in a home for 8 or 10 hours so that they can't get up while there's nobody there. Can you imagine trying to go to the toilet during this time, getting a drink of water changing positions? It's just very terrible. We've done conferences of this type where we've tied down members of the audi-

ence just so they can see the effects of restraints. It's just absolutely frightening.

Senator REID. And they know they're going to be released.

Dr. GREENHOUSE. Yes. And people are absolutely agitated, just within minutes, that this happens.

I didn't talk much about chemical restraints. I just wanted to say that the use of mind-altering drugs in older people is absolutely epidemic in this country, particularly in nursing homes but also outside of nursing homes and in the community. My point is that they should never be used except for the most specific, time-limited reasons. This is what we try to teach our students, but it's very difficult to get that message across.

Senator REID. You've indicated the two primary reasons for restraining, and as I indicated, you're one of the leading experts in the country on this, to protect the patient, and part of that deals with medical malpractice cases, of which we don't have a single case reported of anyone being sued for not restraining someone. And then, of course, to improve the behavior of the person.

There isn't a person in this room whose behavior wouldn't be anything anyone wanted if they would tie us down.

Dr. GREENHOUSE. Well, it's to improve the behavior in the way that you want it to be improved.

Senator REID. In this modern society I just think that's something that shouldn't be tolerated. I think we need to do something about this, probably legislation.

The problem is that sometimes with legislation there is an overreaction as to what can or can't be done. But I think we've tried to let this evolve in the community, and it's not getting better. It's getting worse.

Dr. GREENHOUSE. I think that with the new regulations coming into effect next year, some of this will occur. My concern is, what is the enforcement? Who will enforce? Who will make certain that this is being done? And I would bet that there will be a lot of places where it isn't being followed.

Senator REID. A couple of comments.

Ms. Angerson, one of the problems that we have found in this area from my becoming aware of this is the fact that when something happens that is wrong—physical abuse, emotional abuse—there is no place to turn. There are no crimes committed that people are willing to step in and say, "Okay, we're going to prosecute for this." It doesn't happen often, does it?

Ms. ANGERSON. Senator, it doesn't happen often, but accurately speaking, there is a crime. The crime with elder abuse and neglect is simply the failure to provide or the infliction of pain, as I previously described, by a person who has assumed care. There doesn't have to be a contractual agreement or a monetary compensation.

The problem with prosecution has to do with the infirmity of the senior citizen and the fact that if we get it before the District Attorney, and we're real fortunate because we have two vertical prosecution teams in the District Attorney's office, but if we get it before the District Attorney, then the defense plays the game where we just wait for the old person to die or to become incapable of going forward.

Plus, there are a number of old values in senior citizens that speak to privacy: the fear of revictimization by going through the process; "I keep my problems to myself," because so many of the abusers and neglectors are intimates of the older person, and they are basically humiliated and ashamed.

Senator REID. People like Gertrude who are alone—people are saying, "You don't want to get involved in this?"

Ms. ANGERSON. That's correct.

Senator REID. They become victims again, as you have indicated.

Ms. ANGERSON. That's correct.

Senator REID. A couple of points I want to make before we excuse both of you.

First of all, Doctor, I don't think the people of the State of Nevada know how important it is that we have, in the State of Nevada, a medical school, because you are forcing the medical profession in the State of Nevada to be aware of these problems. You are teaching the young physicians who are coming out of our university system to be aware of these problems. They go out into the community and are trained in areas that doctors who are out here haven't been trained in. This is a relatively new area, is it not?

Dr. GREENHOUSE. That's right. It is a new area. It's been around a long time, but only in recent years has it received attention, and only very lately in this country. It was really pioneered in England after World War II.

Senator REID. Well, I am going to say again that if veal calf legislation is necessary, which I think it is, I certainly think that restraint for human beings, as it is running rampant in this country, has to be stopped. I want to make sure that the animals are protected, but let's also protect the human beings.

Let me ask you both about one last area. I introduced an amendment to the Omnibus Crime Bill, which passed the Senate. In fact, the amendment was called the Child Victims' Bill of Rights. It set up a number of standards so that children would not be victimized when they went to court. The fact of the matter is, as we learned, that most child victims who are sexually or physically molested didn't take their cases to court. They didn't take them to court because the court system, many times, abused them all over again. So what happened is that they didn't prosecute. They went back into the same setting and many, many times were victimized by the same person who had sexually and physically abused them the first time.

It seems to me we have many comparable situations here. We have seniors who are often alone. They have no place to look for help. We have seniors who have limited resources and fixed incomes. I am thinking that maybe senior victims also don't have many rights.

Tell me—and I'd like both of you to comment on this—how do doctors know when seniors have been physically abused? There are laws to require doctors to report physically abused or sexually abused children, but what about adult seniors?

Dr. GREENHOUSE. It's very difficult. A lot has been written about it, but again, it is a very, very high index of suspicion. Seniors in general tend to be very vulnerable, but seniors in certain positions, people who are living with families, who are very, very weak but

may have resources, the family is obviously using them to take advantage of them in a variety of ways, monetarywise.

There are pretty good guidelines. Time won't permit me to go into those, but I always worry when I see somebody who has had injuries, bruises, fractures, the same sorts of things we worry about with children, with infants. Those guidelines are fairly well known. My job is to make them better known.

One very last point. As I have seen many times, and I know it has occurred, the victim almost always denies it. This is really troublesome for the reasons you have mentioned.

Senator REID. The same thing has happened with children. One of the things we learned with the tremendous work we did in that area is that children deny, and they deny for the same reason, as I have learned in the last day or two, that senior adults deny.

Dr. GREENHOUSE. Or don't come to the hearings, for fear.

Senator REID. That's right, the same peer pressure.

Would you comment on this? Do senior victims have rights, as do children?

Ms. ANGERSON. The law in the State of Nevada, Senator, addresses the mandated reporters, identifying as physicians. I can't respond to how the physicians know because I don't know.

Seniors have a number of rights. The problem has to do with a number of things. One is the old values, as I described, the inherent belief in privacy, the shame, the humiliation of having been victimized.

But Gertrude Wynn is a classic example of an individual who, because she was hand-carried through a process, was able to get through it. And that wasn't just "Okay, we'll go pick her up for court, okay, we'll go spend an hour with her and take her statement." It had to do with dropping in on her without a reason for being there, without trying to get her to follow through, to say, "Okay, you're important." That's why that case flew.

The reality is that I had to really research carefully, and was only able to come up with a couple of victims. She was the only one who was willing even for a little while, and that is because there is not a sense of support, nor is it recognized in the community as a malady. It is simply internalized as something to be ashamed of, or that it is somehow the senior's fault.

So we spend a lot of time trying to dispel those notions and saying yes, there is another way to live.

Senator REID. That same thing applied to the work we did with children, because the victim is told by the person who is violating them that it's their fault. So a lot of the same principles apply, and it is something that we can use as an example.

Ms. ANGERSON. And there's an added burden, Senator, in that as a Nation we are slow to revere our senior citizens as our keepers of history and our enrichers and our traditionalists, because they are at the twilight of their lives. And children—there is something sort of very chivalrous about rescuing a child, but we don't have that same reverence for our seniors as a population, I think.

Senator REID. And as the Doctor has mentioned previously in statements I have heard him give, this doesn't in any way imply that seniors are all senile——

Ms. ANGERSON. Oh, no, no.

Senator REID. The point of the matter is, that's a very, very small percentage of seniors. This is one of the escapes that people use, "Well, they're too old, they're childish, they don't know what's going on," and that simply is not true.

Thank you very much, both of you, for your outstanding testimony.

Dr. GREENHOUSE. Thank you very much, Senator.

Ms. ANGERSON. Thank you, Senator.

[Applause.]

Senator REID. The next panel of witnesses deals with an unusual area, although you won't find it so unusual when you hear the testimony concerning mail fraud. We have a victim, Mrs. DiMino; she is going to sit at the table with her daughter. She is nervous and doesn't feel like she can read the testimony. She hasn't been feeling real well, she actually got out of a sickbed to come here. I told her how important it was that she come, and it wasn't easy for her. Her daughter is going to read her testimony. Thank you very much for being here.

We are also going to have a local overview on the mail fraud problem from Jack Swagerty, who is a Regional Chief Postal Inspector from the Postal Service. We're going to have the national overview from Mr. Gail Bishop, who has been involved in senior matters for many years.

We would first like to hear from Mrs. DiMino. Kathy, if you would read the testimony of your mother, Rose DiMino?

STATEMENT OF ROSE DiMINO, SENIOR VICTIM, AS READ BY MS. KATHLEEN HEWITT, DAUGHTER

Ms. HEWITT. Thank you.

My name is Rose DiMino. I came today to tell you about my experience with postal fraud.

In August of 1986, my husband and I were in a terrible car accident. My husband was killed and I was in the hospital with broken ribs and a broken clavicle bone. When I got out of the hospital I was in pretty bad shape and very uncomfortable. My friends and family had to help me with everything.

I received an advertisement in the mail for an adjustable bed. I thought this might make me more comfortable since I had spent the last 3 months in a hospital bed that I had to rent. I wrote to their company in Colorado. They sent a salesman out to the house to talk to me. He took measurements for the bed and then told me that I had to pay the money in advance in order for the manufacturer to make the bed for me. I gave him a check for $2,200. He said that they would either call me or send me a card when the bed was ready.

After a couple of months I had not heard anything so I contacted them and was told not to worry, that they were still working on it and would deliver it when it was ready.

After a few more months, I received a notice that they couldn't release the bed because the manufacturer had gone into bankruptcy. I was later sent papers on the hearing that was to be held but I couldn't go. It was in Colorado. I was told that after the hearing I might get part of my money back, but I never did.

I live on a fixed income like most seniors and receive only Social Security. I paid for this bed with what was left of my husband's insurance money because I didn't want any outstanding bills to pay. I ended up having to buy another bed.

I think that something should be done to keep companies like this from ripping off not only seniors, but anyone. The public should be aware of these types of businesses and know how to check them out before giving them any money. I still wish that someday I would get my money back. I sure could use it.

Senator REID. Thank you, Kathy, and thank you, Mrs. DiMino. We will have some questions for you in a little bit.

Mr. Swagerty.

STATEMENT OF JACK E. SWAGERTY, REGIONAL CHIEF INSPECTOR, WESTERN REGION INSPECTION SERVICE, U.S. POSTAL SERVICE, SAN BRUNO, CA

Mr. SWAGERTY. Good morning, Mr. Chairman. I am very happy to be with you this morning to present the views of the Postal Inspection Service regarding crimes against the elderly.

As Regional Chief Inspector, it is my responsibility to oversee the activities for the Postal Inspection Service in the seven divisions of the western region, which includes the State of Nevada. An important part of our jurisdiction here includes the functional areas of mail fraud and prohibited mailings.

The U.S. Postal Inspection Service is the investigative and audit arm of the U.S. Postal Service. Postal inspectors are responsible for protecting the mails and postal facilities from criminal attack; for protecting the American public from being victimized by fraudulent schemes where the mails are an essential part of the scheme, and for keeping postal management informed of the conditions and the needs of the Postal Service. We have been charged with these duties throughout the 200-year history of the Postal Inspection Service. This makes us one of the oldest Federal law enforcement agencies of the United States.

A major portion of our time is spent conducting criminal investigations, and the mail fraud statute is just one of many laws which we use to protect the postal customer from falling prey to some type of a scheme to defraud. A successful con artist can disguise his schemes in many ways, and these schemes may encompass virtually every aspect of one's daily life. None of us are immune from being victimized.

There are many schemes where use of the mail is an essential part of the scheme, and the Inspection Service would be remiss in its responsibility to the American public if we did not welcome the opportunity to participate in hearings such as this one. This hearing is an opportunity to make everyone here aware of the types of scams involved and our knowledge of the potential victims that these con artists will target.

First I would like to give you a quick explanation of mail fraud. Mail fraud is basically a scheme to defraud, with the use of the mail as an integral part of that scheme. In other words, any type of scheme to defraud can be mail fraud if the mail is used to carry out the scheme.

The citizens of the State of Nevada must be aware that con artists are not always in their backyards to relieve them of their earnings and their savings. They may well prey upon them from afar. In fact, they often prefer to do this from distant States, such as Colorado, because they know this hampers their victims' ability to access verification of their legitimacy, and they count on people not wanting to take the time to check them out.

I would like to take a brief look at some types of schemes that might be used on a selective group of victims. Understand that virtually every scheme victimizes particular types of victims. A good

example is the difference between an investment scheme and a work-at-home scheme.

In an investment scheme, someone tries to convince you to invest your money in some type of an investment. It might be real estate, oil and gas leases, stocks and bonds, IRAs, Keoghs, or commodities such as precious metals and coins. Operators of these types of schemes are looking for a victim class that has money to spend, or at least money that is available, such as seniors, and these operators don't care if it's someone's life savings.

Contrast this type of scheme with what we call the "work-at-home" scheme. Here the perpetrator offers easy money for a limited amount of work in the comfort of one's home. The targeted group may appear to be the young homemakers trying to add extra income to the family budget, but the senior citizen who is no longer working outside the home may also be targeted for this type of scheme.

As a potential group of victims, senior citizens are also subject to another scheme which we call "boilerroom activities" or "telemarketing." I am happy that Dave Shepherd from the FBI is here with the next panel, Senator, because he is a specialist in the area of boilerroom activities.

But just briefly, in boilerrooms, someone will try to solicit your confidence via telephone or direct mail marketing, and the caller may offer a variety of options: for example, free prizes in return for the purchase of what will turn out to be an inferior quality product or service. The caller may offer home improvements, vacations, or even matrimonial services.

Other areas where seniors are often targeted as an identified victim group involve contest and medical fraud. In many contest schemes, money and gifts or other prizes will be offered. All you have to do to win is to fill out a simple contest form, but the pitfall here is that everybody wins. Then you must play the second and third and fourth and fifth, and even more, tiebreaking rounds in order to be the final winner. Of course, to enter each of these playoff rounds, you have to send money to them.

Con artists also take advantage of the elderly through medical fraud schemes. They appeal to our concerns for good health with bogus advancements in some areas of medical treatment. We'd all like to look our best and feel our best, and con artists prey upon this. I would say, be aware of anyone trying to sell you a cure for any disease or weight loss or cosmetics if the claims are exaggerated and if seniors have no way to verify their accuracy. Remember, when it comes to your health there are no easy solutions through a mail order item or some newly found, untested, magical cure.

We should also be aware of other types of fraud schemes which might, on the surface, appear to be perfectly legitimate, and I am referring to various solicitation-type schemes. Seniors may be asked by telephone or through direct mail advertising to donate money to a charitable organization, a religious group, or other organization, the cause of which they might identify with. However, if they can't verify the solicitation or do not recognize it as coming from an individual or an organization that is readily known to them, they should be aware, because the chances are very little— if

any—that their money will ever get to the intended recipients or purpose.

Another area that I would like to mention quickly is travel and vacation business schemes. Offers are made for vacation packages which appear to be very reasonable, or even far less in price than one might expect. Again, you must exercise caution because there may be many hidden costs involved. Your transportation costs and other related items may not be covered.

Another very important area and a major concern to law enforcement is credit card schemes. We know of many instances where people's credit information is obtained by persons who later assume that individual's identity; then, using the innocent person's name, they obtain new credit cards and identification, and they follow it up by getting merchandise and loans, sometimes for thousands of dollars.

I would like to talk a few minutes about fraud prevention. I think that no one can fully appreciate the talents and the cunningness of a good fraud operator until you have been exposed to them. I would like to share with the seniors here simple steps taken by the con artist as he or she is in the process of developing a scheme to victimize them. I think that by sharing these thoughts, perhaps the seniors will have a better understanding as to the makeup of the con artist and precisely how to protect themselves from being victimized.

First, remember what I said earlier: every scheme is designed to attract certain types of victims. In making up the scheme, however, the con artist typically devises five separate and distinct areas.

First, of course, he must devise his intent to commit the scheme. He follows this up by disguising the purpose of his operation. This is necessary, of course, because without a good disguise many of us would be able to penetrate the scheme at its early stage.

The third element is the con artist's reliance on ignorance of the scheme, or the greed of the victims.

The fourth area is the victim's voluntary action to assist the con artist. What I mean is that in every case the victim, of his or her own volition, must assist the con artist to complete the scheme. The victim does this by taking some voluntary action to participate in the crime—in other words, making the investment or buying the product.

Having come this far, all the scheme operator must now do is the fifth step, which is conceal the violation so that they can repeat the scheme with the next victim.

Of these five steps, there is one over which everyone has absolute control, seniors and everyone. The seniors can prevent themselves from becoming victims by avoiding what I mentioned in step four, which is their voluntary action or their investment or their purchase. They can at that time put an end to the process. If we are not able to penetrate the intent of the operator and we can't pierce the disguise of his true purpose, if we are unaware of the consequences or are eager to believe in his promises, we can still protect ourselves from becoming victims by not taking action and by not getting involved.

Perhaps the seniors think I make it sound too easy to outsmart the con artist. Perhaps they find it difficult to believe that they

have absolute control over the transaction, but in fact, they do. If they do not participate, they will not become victims. The con artist's scheme cannot succeed and it cannot continue.

Seniors must, however, take the initiative and educate themselves about the pitfalls that are awaiting them and their loved ones in virtually every aspect of life. The saying that we have in the Inspection Service is as true today as it has been for many, many years: "If it sounds too good to be true, it probably is."

Mr. Chairman, the Inspection Service appreciates your invitation to appear and give testimony at this hearing. As we are all aware, enforcement and legal action against those who direct these illegal efforts toward the elderly is important, but enforcement and legal action is just one approach to curb this problem. It is also essential that we provide our customers with the knowledge that they need to reach decisions that will in turn provide them with the protection that they deserve, and that's exactly what you're doing here today, Senator. I compliment you on that.

[Applause.]

Senator REID. Mr. Bishop.

STATEMENT OF GAIL BISHOP, FORMER STATE LEGISLATIVE COMMITTEE CHAIRMAN, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. BISHOP. Good morning, Senator. My name is Gail Bishop, and I am spokesperson for the AARP in the State of Nevada.

The Association appreciates this opportunity to present our views regarding misleading mailings and solicitations. AARP commends the chairman for his interest in the broader area of crimes against older Americans. We hope this hearing will yield valuable information regarding possible solutions to the issues raised today.

AARP is deeply concerned that some deceptive and misleading mailings are targeted toward older persons, many of whom have limited incomes and can ill afford to waste their much-needed resources on items of questionable value. Also, many older persons give generously to charities, and they should have the security of knowing that they are donating to reputable organizations.

A visit to the mailbox indicates that most households are inundated with mass mailings. They represent a cost-effective means of communication. While the vast majority of companies and organizations use mass mailings appropriately to reach potential customers and to solicit new members, a few groups abuse the practice and mislead the recipient. In some cases these groups give the false impression that they represent the Federal Government.

This is of special concern to AARP because older persons tend to place considerable trust in the Government, and that faith should not be exploited. A prime example of that is your board up there. "FBI" certainly appears to be a legitimate Government operation. Another good example of that is the "National Committee to Save Social Security," and I think James Roosevelt has added something about "Save the Notch Babies" on that. It's a long title. But for $10 they will find out how much Social Security you have coming, which the Federal Government does for nothing. That's just prob-

ably one of the more popular examples. He does huge mass mailings.

The Association believes that all citizens should receive adequate protection from fraudulent, deceptive, or misleading mail. However, we recognize that mass mailings are widely used by legitimate companies and organizations. Thus it is important to strike a proper balance between the needed control of fraudulent mailings and the right of legitimate organizations to conduct mailings.

The Federal Government already has acted to protect older persons against certain types of deceptive mailings. The 100th Congress enacted legislation as part of the Medicare Catastrophic Care Act which prohibits misleading mail that uses words or symbols associated with the Social Security Administration and the Health Care Financing Administration.

In the 101st Congress, three Senate subcommittees have held hearings on deceptive mailing: the Subcommittee on Antitrust, Monopolies, and Business Rights of the Judiciary Committee; the Senate Finance Subcommittee on Social Security and Family Policy; and the Governmental Affairs Subcommittee on Federal Services, Post Office, and Civil Service.

AARP supports S. 273, the Deceptive Mailings Prevention Act, which has been reported out of the Governmental Affairs Committee. It would broaden the types of prohibited mailings and strengthen the penalty for noncompliance which was adopted in the catastrophic care legislation.

AARP believes that S. 273's requirements should help correct many of the abuses taking place when private organizations use the names of Federal agencies to imply affiliation. It would require that in order for solicitations which imply a Government connection or endorsement to be become mailable, conspicuous notice must be given on the outside covering or envelope stating that "This is not a Government document." In addition, the first page of all such mailings must say in large type that "This product has not been approved or endorsed by the Federal Government, and this offer is not being made by an agency of the Federal Government."

This notice is responsive to the confusion caused by misleading material. AARP believes that the penalties in the bill are of sufficient severity to discourage those who would mislead the American public. At the same time, the legislation appears to protect reputable mailers.

The Association would support a widening of S. 273's protective net against deceptive mailings which promote a service or a product which the Federal Government provides free or at a lesser charge. We believe those mailings should include a disclaimer advising the recipient about the cost of the same service when provided by the Government. This would let them know that a comparable service exists at less cost.

In conclusion, AARP believes that more should be done about deceptive and fraudulent mailings that plague the public generally and older persons especially. Constraints need to be imposed on such mailings. The previous panel spoke to physical abuse. While this cannot be called physical abuse, it certainly can be referred to as a "mugging by mail."

At the same time, these limits should not interfere with the day-to-day operations of reputable businesses.

We look forward to working with Congress to adopt legislation to protect older persons and the public at large from deceptive mailings.

Again, Senator, we thank you for this opportunity.

[The prepared statement of Mr. Bishop follows:] [1]

Senator REID. Rose, did you ever try to get the legal authorities to try to have the people who sold you this bed criminally prosecuted? Did you go to the police? Did you do anything about that?

Mrs. DIMINO. No.

Senator REID. Her answer is no.

Why didn't you go to the police?

Mrs. DIMINO. First of all, I was very ill. The reason why I didn't go to the police is that because I figured I'd give them a chance, maybe they would come around and get in touch with me and send me the bed or the money.

Senator REID. During this period of time that you ordered the bed, they said it had to be made, and that's why you had to pay up front?

Mrs. DIMINO. Right. Right.

Senator REID. How long was it before you heard anything from them?

Mrs. DIMINO. A couple of months.

Senator REID. What did they tell you after a couple of months?

Mrs. DIMINO. Well, they told me that "The company went bankrupt, and that's why you didn't get your bed."

Senator REID. Did the call you, or write you a letter?

Mrs. DIMINO. No, they wrote me a letter.

Senator REID. Have you heard anything from them since then?

Mrs. DIMINO. No. They had the court procedure that I couldn't attend.

Senator REID. And it would have been a waste of time for you to attend, anyway.

Is that not right, Mr. Swagerty? To attend a bankruptcy proceeding in Colorado?

Mr. SWAGERTY. Senator, that in Colorado was not a bankruptcy proceeding. That was actually a criminal prosecution of the people that were responsible, and we would have been delighted for her to be there as a witness because she would make an outstanding witness.

We're very, very familiar with this company that she has mentioned. Not only that company, that group of people who were operating out of Colorado, but there was another group operating at about the same time, selling adjustable beds out of Southern California. The people in Colorado, I think, victimized somewhere in the neighborhood of 1,200 seniors in the country, and the people in Southern California victimized around 200 seniors.

The Colorado people——

Senator REID. Excuse me. That's millions of dollars, isn't it? About $2.5 million?

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[1] See p. 39.

Mr. SWAGERTY. That's correct.

Senator REID. Just by the Colorado company?

Mr. SWAGERTY. That's correct, and it's not unusual for the losses in mail fraud schemes to be in the millions of dollars.

The people in Colorado—happily, I can report that the gentleman who was principally responsible is a guest of ours at a prison for 3 years, and several of the other people also received shorter jail terms. The person in California did receive probation for what he did, and he is serving community service. It is very unlikely that there will ever be any money returned to the victims.

Senator REID. Now, tell me, how are the salesmen paid? We've heard of cases where the salesmen come, and as you are aware, we heard yesterday about an adjustable bed where, as the man said, a jolly woman came and sold him a bed. That one was $1,960; this is $2,200.

The salesman must be paid a large commission to do this, is that right?

Mr. SWAGERTY. Interestingly, in this type of a situation, the salesmen were probably not aware that the beds would not be delivered. They were people that would be recruited locally to do the selling, and in all honesty they would come to the people and sell the product. That's what makes it even more difficult to penetrate something like this because they are speaking in all honesty from their hearts. They think there is some legitimate product and they don't know what the true intention is.

Senator REID. Your experience, then, indicates that the salesmen who make the sales are not part of the fraud, generally speaking?

Mr. SWAGERTY. It is possible. This is true in this case. I'm not absolutely certain——

Senator REID. But you are saying that a lot of times the salesmen are well-intentioned?

Mr. SWAGERTY. Yes. That happens, but I think that more often the salesmen are part of the scheme and would not be well-intentioned.

Senator REID. And they are paid on a commission basis?

Mr. SWAGERTY. Yes, a commission basis.

Senator REID. So they get their money up front?

Mr. SWAGERTY. That's correct, yes, sir.

Senator REID. You are familiar with this S. 273, the Deceptive Mailings Prevention Act, are you, Mr. Swagerty?

Mr. SWAGERTY. Yes, sir, I am.

Senator REID. Would it be a help?

Mr. SWAGERTY. It would be a tremendous help. If I could just take a few minutes, I think I need to just explain what I call the "three levels of fraud" that we deal in.

The first level is where there is actually intent to defraud, and where the mails are used. I mentioned that before. When we investigate these types of cases our intent, as law enforcement agents, is to arrest them and prosecute them through the U.S. Attorney's Office. Last year the Postal Inspection Service arrested over 1,500 people for mail fraud in this country.

The next level down is misrepresentations where they are misrepresenting material facts in their mailings. Normally we ap-

proach these cases civilly or administratively. I can give you a quick example. We are very active in this area.

Last year, over 7,000 promotions were voluntarily discontinued in this country after we began an investigation on these companies. We had 570 administrative action requests to our Law Department in Washington, D.C. Almost 600 complaints were filed by Administrative Law Judges. We had 490 consent agreements that were entered into; 53 temporary restraining orders were filed, where we actually seized the mail and held the mail temporarily; 100 final restraining orders were filed; and 77 times we stopped the mail until we could find out exactly what the company was about.

So in this area, in the administrative and civil part of it, we're very, very active.

Then we reach the third level. Now we can start talking about this particular mailing, the one from the "FBI" or the "Fountains Bureau of Invitations." Clearly, when you look at it, "Department of FBI" has the look of coming from a Government agency, as many, many other mailings that seem to come from Social Security, seem to come from IRS, seem to come from a lot of different Government agencies. This one is particularly bad because of the large words "Warrant of Appearance" which even gives it more of an appearance of coming from the FBI or a Government agency.

The problem is, once you open this letter and once you look at that advertisement, it clearly is nothing more than a land promotion, and that's all it is. And because that's what it is, there is absolutely nothing we can do at this time to stop this type of mailing.

This is where S. 273 will help. If this legislation is passed, then finally the Postal Service will be able to set up its own rules and tell the mailers that they cannot do this, and if they do it, we can approach them on a civil or administrative basis and effectively put them out of business.

We need S. 273. The seniors need S. 273.

Senator REID. What should a senior do when he or she receives something in the mail that he thinks is fraudulent?

Mr. SWAGERTY. The seniors have a rather difficult task, and I understand that. This year the Postal Service will deliver about 180 billion pieces of mail. All of us here, and particularly the seniors, will receive a lot of advertising material. The majority of that material is from legitimate mail order firms, but there are a few unscrupulous people who will also be sending out advertising through the mail.

What the seniors and all of us need to do is, before we invest in anything, before we contribute to anything, before we buy any goods and services, we need to investigate. They need to check—if it's in the area of investment, they can talk to the Better Business Bureaus. The States have excellent consumer protection offices. Many of the counties and many of the local people are very familiar with these types of things, where they can get good information.

Financial—if you're going to make a large investment, you need to get good financial advice from bankers or from financial consultants. These are the kinds of things that you do.

One of the things that is very, very dangerous and about which we are very concerned is the medical fraud. My advice is, never

buy anything that has not been tested, and never use any kind of medicine until you've talked to your physician.

Senator REID. What are some examples of this that has been attempted through the mails?

Mr. SWAGERTY. On the medical fraud?

Senator REID. Yes.

Mr. SWAGERTY. The most prevalent at this time would be the diet schemes or the diet scams. Those can be dangerous. In the past we've had a good deal of difficulty with such things as cancer cures. We have been fairly successful in stopping these, but I would still caution you to be very, very careful with those kinds of things.

Senator REID. Also insurance claims, that this will help you have coverage if your Medicare doesn't take care of it? There are all kinds of schemes to sell you insurance, is that not right?

Mr. SWAGERTY. That's correct, Medicare frauds and insurance frauds also, yes, sir.

Senator, you asked what the seniors can do. We are handing out this brochure. It's a bright red brochure, "A Consumer's Guide to Postal Crime Prevention." Many of the things I talk about are in there, and I would encourage seniors to pick up a copy of this.

Senator REID. It's on the table outside, for those of you who are interested.

Mr. Bishop, you've indicated a number of areas about which you are concerned. One is the use of so-called "cold lead" mailers. What are those?

Mr. BISHOP. Well, a cold lead mailer is one that is not in response to—say if you had picked up a coupon in a magazine or a publication and sent in for information. Cold leads are ones where they just do a random choice mass mailing. You receive something, and you're informed that you've been "chosen by the computer" to receive this valuable information. They either want to send somebody over to talk to you, or if you indicate any interest at all, you will receive much more in the mail, probably followed up by a personal visit from the salesperson.

Senator REID. Just like a grocery store, isn't it, where they have items that they sell real cheap just to get you there so that you will buy other things?

Mr. BISHOP. It's kind of a mailing loss leader, yes.

Senator REID. Mr. Swagerty, I talked to a man in the last 24 hours who told me that he had gotten something in the mail that gave him a test. He filled it out and sent it back and they wrote back and said, "You are one of those who were able to figure this out. Now we've got another one we would like you to figure out. Send us"—I think it was $2.50, just a small amount of money. And he was very honest with me. Paraphrasing what he said, "That kind of appealed to my pride, so I wanted to see if I could do that other one. I thought I did it right, and I sent in another one. They sent back to me and said, 'You also were able to figure this out. Now here's another one.' " It was $2.50, always for the big prize.

Is this a common scheme?

Mr. SWAGERTY. That is a bit of a twist on a very common scheme, the contest schemes that I mentioned before, where "everyone wins." This type of thing is very appealing, but you can go through, as I mentioned, six or seven or eight levels and keep

taking the test or entering the contest and keep sending your money. This is a very typical scheme, yes, sir.

Senator REID. I appreciate very much each of your being here, and especially you, Rose, for coming here while you are sick, and especially your daughter bringing you here, giving you the moral support that you need. Thank you very much.

[Applause.]

Senator REID. The last panel that we're going to hear from today will cover financial exploitation of the elderly.

The first witness will be a victim, Mrs. Karen Corcoran, who is actually the victim's niece. The local overview will be given by our Public Administrator and public guardian, Jared Shafer. The national overview will be Dave Shepherd, who is a special agent for the Federal Bureau of Investigation.

As I indicated, the first witness is Karen Corcoran, who is the victim's niece. The victim herself is ill with Alzheimer's Disease, as I understand it, and is unable to be here. We very much appreciate Ms. Corcoran being here to render the testimony of her aunt. Please proceed.

STATEMENT OF KAREN CORCORAN, PROVIDED ON BEHALF OF HER AUNT

Ms. CORCORAN. Thank you. My name is Karen Corcoran, and I would like to tell you about my aunt.

Margaret turned 80-years-old this year and has been diagnosed as having Alzheimer's Disease in the early stages. Her husband died 8 years ago, leaving her well-provided for. She has no children and few friends.

About 2 years ago she sold her home and moved into an apartment. Her neighbors above her were a married couple in their 50's. The husband, Rick, would often help my aunt with any heavy moving. Rick also had a nephew, Tony, who had just moved here from California and, being unemployed, offered to do odd jobs for her.

Tony and Rick started spending more and more time at my aunt's. Tony even started doing her grocery shopping. She would give him a list and a blank, signed check, and he would fill in the amount, sometimes between $50 and $300, of which she was totally unaware. I happened upon the problem as I was trying to balance her checkbook and noticed several overdraft notices.

During one of our visits she confided in me that Rick had talked her into having sex with him on more than one occasion.

This is when I realized I needed help. I called the police to find out what could be done. The following day two policewomen and two workers from the Public Administrator's office paid a visit to Rick and Tony. Tony admitted cashing the check, but Rick denied any wrongdoing and we were back at square one because my aunt refused to acknowledge a problem.

I convinced my aunt to let me pay her bills and stop writing checks. What I hadn't counted on was her semi-weekly trips to the bank. Tony always drove her to the bank and waited in the car. She would withdraw sums from $500 to $2,500 and hide the money in her apartment. Unfortunately, she began to confide in Tony

where the hiding places were. Within days of her bank trips she would be broke and confused about where the money went. What we eventually found out was that Tony had her spare set of keys, and when she went out or slept at night he would let himself into her apartment and take the money. He would even take her car without her knowing, sometimes staying out all night. She would call me and tell me; someone had stolen her car and her money, but when I would suggest calling the police she would end the conversation. The police could not do anything unless she filed a complaint.

By this time neither Rick nor Tony were employed. The landlord told me that the rent for that month had been paid on time in cash for the first time in the 3 years that Rick had lived there. I was soon to find out that Tony was now taking my aunt to the bank twice a day, to one branch in the morning and to another branch in the afternoon. She had become very confused by this point and was having a hard time keeping track of her days.

Again I called the police, only to be told that nothing could be done unless she, my aunt, was to press charges.

My aunt was mesmerized by these two men. She refused to believe they were doing anything wrong. On many occasions I was told to leave them alone and mind my own business.

But things started to change. Tony became greedy and one morning accompanied my aunt into the bank to help her withdraw $1,000. The teller at Valley Bank became suspicious and called Metro and the Public Administrator's office. They had all the information in their files. The bank immediately put a freeze on my aunt's account. She was immediately moved out of the apartment and to a location where neither of the men could have contact with her.

Neither Rick nor Tony have been charged with any crime. We estimated her loss at $15,000, although there may be thousands of dollars unaccounted for.

My aunt's story is not an isolated case. These situations are happening all over the country to elderly people. Something needs to be done to stop the Ricks and Tonys who prey on the elderly who are just as lonely and vulnerable as my aunt.

I would also like to add that without the help of the Public Administrator's office I would not have been able to go through any of this. They helped me move her out of the apartment. They helped me move her furniture, find her another place to live, and move her into that place, and have been so supportive.

Thank you.

Senator REID. Thank you very much.

Mr. Shafer.

STATEMENT OF JARED SHAFER, PUBLIC ADMINISTRATOR/ PUBLIC GUARDIAN, CLARK COUNTY, NV

Mr. SHAFER. Good morning, Senator. It is a pleasure to be here.

When Ms. Judge called me and asked me to speak on financial exploitation, I told of my couple of my staff members what I was going to speak on, and they started to giggle a little bit. They said, "Just grab the last 10 cases we started in temporary guardianships

and that will be enough to talk on," because that's basically what's going on in this community. I would like to preface this by saying that what I'm going to speak about is strictly in Clark County, but Clark County is going to be a microcosm of the United States.

Senator REID. Jared, could you tell those people who don't know what you do, what your job is?

Mr. SHAFER. Okay. I'm elected by all of you folks out there as the Public Administrator for Clark County. I am appointed by the Clark County Commission as the ex officio Public Guardian. As the Public Guardian, it is my job to make sure that anybody who needs help is provided with help, and that is very broad. The County Commissioners and the County Manager's office have really said, "Just do whatever you can to help the community. If guardianship is warranted, go ahead and do the guardianship." But if we can act as a resource center, we're to do that also.

So guardianship in itself has some negative connotations, and we understand that. It has negative connotations because of what you read about that happens in Florida and in the South, but not in the State of Nevada. The guardianship program in the last 10 years in the State of Nevada has come a long way, and is a real viable asset. It is the last step in helping a senior after the Metropolitan Police Department's team has been in there to see what they can do, after Clark County Social Services and Protective Services have been in there, after the Division of Aging has been in there. When nothing else will help, what you have heard Ms. Corcoran tell you is what we do.

Under the authority of a guardianship there isn't much we can't do because a guardianship allows me as the guardian to handle all the assets and provide all the medical services that an individual would provide themselves if they were able to do so. So it is the last step.

With that power, I feel that we have provided this community with a real good resource.

I would like to thank Ms. Corcoran. She's a rare one. Normally we find that the exploiters—by the way, the exploitation of seniors is becoming a real cottage industry right now. This is a good business. Seniors are unable to fend for themselves in a majority of cases, and when this starts to happen you start to have feuds in families of who is going to rip them off first, if you can believe that. The press is here, and one of the ladies of the press worked a case and reported on a case that we were involved with about 6 weeks ago in which two grandchildren were ripping off their grandparents. You cannot get a conviction without testimony, and you cannot get testimony from a senior who will not testify. It is that simple. Seniors do not like to testify. Either they are incapable or, as Ms. Corcoran said, they are mesmerized by the person ripping them off.

What is to be done? A hell of a question. What the Feds can do is to provide funds, the old standby, "send money." Get the money down to the lowest level on the street where it is being used by the providers. Bypass agencies and bypass systems that are just managing the funds and taking a fee for the management and get it down to the level. Supply Metro with grants. The block grant program is

a marvelous institution, I think. We get funds through the county for different areas, including the guardianship program.

If the Federal Government wants to help the cay provide funds—little that they have, of course—to us in a direct line, in a grant program, so that we can hire more people to do the work. If you can imagine that we're bringing in a thousand seniors a month minimum into this State, and the Metropolitan Police Department only has three investigators doing double duty, and if you can imagine that in my office we will do referrals in excess of 500 cases—we have 400 guardianships in place, and we have five staff members.

Clark County Social Services/Protective Services unit, I think, has four staff members. The real problem we're running into is the lack of funds. It's not the lack of wanting to do the work. It's not the lack of support from the County Commissioners. It's not the lack of support from the Sheriff's Office or the DA's Office. It's the lack of money. That's one cry you're going to hear wherever you hold these hearings, and we know it.

But if we can make you aware of the problems, I think that slowly but surely, as you said, if we can pass a bill to save the veal, we can pass a bill to help the senior restraints, we can pass a bill to send some more money down to the street level.

This is an interesting hearing. I am absolutely enthralled to be here, Senator. I have known you for a long time. You know that the work we do is vital because your office, before you became a Senator, was involved. I think I'm going to take a chance to commend most of this community because the lawyers, especially, have given of their time. If a guardianship has no money, if a senior is being ripped off for their Social Security check—and that happens every day—and that's all the funds they have, they're not as fortunate as Ms. Corcoran's aunt was, then a lawyer does the guardianship work for free. It's that simple. The court system has been marvelous in supporting it to the extent that the courts can. For the last 5 years we've had Judge Tom Foley, whom you know well, and he is a senior advocate like you've never seen. I do not want to go into that courtroom with a senior who does not want me to be their guardian, and they tell them that, because he'll throw me out.

The protections are in place for the seniors from the guardianship side so that guardianships cannot just be instituted willy-nilly. But the ones that have to be instituted will be instituted.

I don't really have a whole lot more to say, except that I would like to thank you for allowing me to speak.

[The prepared statement of Mr. Shafer follows:]

August 22, 1990

Senate Special Committee on Aging entitled "Crimes Against the Elderly: Let's Fight Back".

Chaired by: The Honorable Harry Reid
Senator from the State of Nevada

Testimony by: Jared E. Shafer
Public Administrator/Public Guardian
Clark County, Nevada

Who are the exploiters? Neighbors, friends, family and lastly strangers. In other words, anyone can be an exploiter.

Whether we want to admit it or not, money changes people. It does not have to be a lot of money, but the more money there is, the more people will want it.

Family members rationize exploitation many ways:

"I am going to inherit it anyway, why not now."
"They're old, they don't need it."
"The rest of the family doesn't need it, but I do."
"They are dying, or confused, and will not know the difference."

Neighbors, friends, or family members usually start out being helpful. As the health or mental conditions of the senior deteriorates, the friend take on more and more of the day to day responsibility for the senior. As this process increases, the friend has gained access to bank accounts, safe deposit boxes, etc.. It is at this point the well intentioned lose control and exploitation begins.

What is it that allows family members or friends to exploit services?

One glaring reason that exploitation can exist is lack of openness and communications between the senior and family members. As we grow older, we all tend to become secretive about our assets etc.. To lessen the chance of exploitation by friends and/or family, seniors must write wills, establish trusts, execute durable powers of attorneys, and then tell all concerned what they have done.

Strangers exploit as a business. They watch obituaries, attend senior functions, live or move to where seniors live. They gain the seniors confidence and the exploitation begins.

Please remember, exploitation does not occur only when individuals have large sums of money. People are exploited for a $300.00 Social Security check or a small retirement check. Exploiters will move in, eat the food, use the utilities, steal what little they can, and then leave.

In many instances, financial exploitation leads to the lack of good medical services and this leads to medical complications.

You must understand that I am not discussing a senior in good health who is exploited in a business; that is, going into a high risk business because they are promised a higher than normal rate of return. This is greed, and is not in the same category as the senior who has trusted someone, or is infirmed and needs help, or whose family member(s) has succeeded in ripping them off.

The problem of senior exploitation is rampant and growing in the Clark County area. As seniors keep moving into our area, they leave behind them the network of friends and relatives who looked out for each other. New friends are made, and only certain relatives keep in contact.

What is the best solution to this problem? There is no single answer for all areas of this country.

In Nevada, local agencies are the front line of defense in the ongoing war against exploitation.

Intertwined as a protective net are the Clark County Social Service Protective Service Agency, the Abuse and Neglect Detail of the Las Vegas Metropolitan Police Department, and the Clark County Public Guardians Office. Other agencies also provide information and leads on exploitive situations, but these are the three main provider agencies.

Between the three agencies, obusive and exploitive situations are uncovered, investigated, and acted upon. Local level support, in Nevada, seems to be the most efficient method of protection for the seniors.

I would suggest that the Federal Government could best protect the elderly from exploitation by funneling funds directly to the agencies who provide the service. In the same way the Community Development Block Grants are funneled directly to the counties and cities, grants could be made available directly to the appropriate agency providing the service. By pass agencies that do not provide service and you will have more funds to use directly at the service provider level.

Thank you for your time, and if you have any questions, I will be happy to try and answer them.

Senator REID. We're going to have some questions, and you'll have more opportunity to do that.

Mr. Shepherd, would you please tell the people here assembled who you are and what you do?

STATEMENT OF CHARLES D. SHEPHERD, SUPERVISORY SPECIAL AGENT, FBI TASK FORCE ON WHITE COLLAR CRIME

Mr. SHEPHERD. Thank you, Senator. My name is Charles David Shepherd. I am a Supervisory Special Agent with the Federal Bureau of Investigation, and have been stationed in Las Vegas, NV for 10 years. I thank you, Senator Reid, for inviting me to testify before this Congressional hearing on crimes against the elderly.

My specific duties with the Federal Bureau of Investigation include supervising the white collar squad, and I am the coordinator for the Las Vegas Boiler Room Task Force, which is a multi-agency unit created to investigate and prosecute fraudulent telemarketing companies.

The elderly, living on fixed incomes, looking for ways to maximize their incomes, are often targets if illegal boiler room operations. In many cases, the elderly are direct targets of these companies. The Task Force has concluded, after compiling information on illegal telemarketing companies, that senior citizens are found to be more trusting and a more reliable target for these operators.

Telemarketing companies purchase lead sheets from lead brokers who categorize their leads according to age, geographic location, previous purchase data, and credit card usage. A senior citizen living in the Midwest who has previously purchased from a telemarketing company by using a credit card is the ideal customer.

In September 1987 there were 207 licensed telemarketing companies and over 100 unlicensed companies operating in Las Vegas, NV. These companies generated over 6,000 complaints from consumers who felt they had been victimized by unscrupulous telemarketing companies. The telemarketing industry in Las Vegas generated an estimated $1.2 billion in gross sales by selling vitamins, travel packages, advertising specialty items such as pens, key tags, baseball caps, etc., and water purification systems.

Surprisingly, the majority of victims from these fraudulent companies, approximately 90 percent, are senior citizens. Why are senior citizens falling prey to these scams? After talking to literally hundreds of victims, the senior citizens are found to be more trusting than other generations. When a salesman tells a senior citizen they have won one of five fantastic awards, they believe it. A large majority really do not question the value of the products being offered, how the company ever picked their name, how they picked their home telephone number, or really question if someone is just attempting to get their money.

As indicated on the television show, "Fight Back," with David Horowitz, the best statement for consumers to adhere to is, "If it sounds too good to be true, it probably is." Through the Las Vegas Boiler Room Task Force we advise consumers to investigate before they invest and never provide your credit card number over the telephone. The exception to the rule is possibly when you generate the telephone call, i.e., contacting a hotel for room reservations

where they need a card number to hold the room. You, the consumer, generated the call and know the organization you are dealing with.

Telemarketing is a viable marketing concept and is used by major manufacturers, retailers, and suppliers to present their products on the market. Nationally, it is the less than 5 percent who perpetrate the frauds that are of concern to the public.

Fraudulent telemarketing companies traditionally attempt to have consumers place orders of $300 to $700 on their credit cards to ensure they have won one of the five major awards. The State of Nevada, under the Nevada Revised Statutes, indicates if a person is told they have won something or is guaranteed to have won something, no purchase is required. Additionally, if a person is told by a telemarketing company that they have won and no purchase is required, but in order to receive their prize they must pay the taxes, this is also fraudulent. If a consumer has won a major award—say, a 1990 Lincoln Continental—then the consumer can pay for the winning award on the next income tax filing.

Many people have said they receive these kinds of inducements all the time. This may be true, since names are sold from company to company. One illegal Las Vegas company mails out 1.2 million postcards per month.

The Federal Trade Commission has shown that for every one written complaint on a fraudulent telemarketing company, between 100 and 150 people did not submit a complaint but should have. The primary reasons for not submitting complaints are embarrassment for being ripped of and chalking the whole untasteful purchase up to experience. A familiar statement I have heard is, "I was stupid. I am not going to let it happen again, and I am not going to tell anyone."

In order for the Task Force or any law enforcement agency to operate, you need to voice your complaints so that more consumers are not victimized in the same way.

Needless to say, telemarketing of water purification systems, vitamins, travel packages, and advertising specialty items are not the only fraudulent concepts in town. They are the ones that touch the vast majority of the U.S. population, but gold mining scams, penny stock purchases, security purchases, oil and gas leases, and land purchases also impact on the unsuspecting.

The State of Nevada, very proudly and rightfully so, boasts of producing 52 percent of all gold and silver mined in the United States. This fact is also used by fraudulent gold and silver mining operations.

The investment in fraudulent mining operations may be as little as $2,500 to several hundred thousand dollars. These operations prey on the successful. With promises of enormous returns in a short period of time, and voluminous documentation through fraudulent assay reports, geologist reports, and letters of credit, the elderly are drawn into the web.

In a fraudulent water purification system company, a consumer realizes something is wrong in 45 to 60 days when the promises are not fulfilled. In a mining scam, an unsuspecting consumer is told not to expect any return on investment for 18 months to 2 years. In some of the cases we have investigated a consumer, after 18

months, receives a lulling letter indicating weather has been bad, machinery problems, or production has slowed because the price of gold and silver has dropped, and they want to get the best return for your investment, so in about 6 months they will be in full operation again. This allows another 6 months for the fraud to continue.

I talked to a senior vice president of a major marketing firm who indicated he had been defrauded in a mining scam. This person had been contacted by phone by a salesman who knew he was intelligent and desirous of maximizing his investments. The vice president agreed to accept an investment book filled with letters of credit, assay reports, geologist reports, deeds to property, photographs of the proposed mine site, photographs of equipment, and a proposed income comparison by year of his investment. When the salesman called the vice president back, the vice president issued three checks to the fraudulent mining company totalling $180,000.

When the vice president filed a complaint after almost 2 years from his original investment, I asked him if he verified the documents provided in the book. Surprisingly, he said no. He reviewed the book once and since it was thick, and since he did not have time to check the book out, his instinct told him to purchase.

Many professional people, as exemplified by this senior vice president, are extremely intelligent, highly respected in their fields of endeavor, and have worked tirelessly to achieve the stature in life they presently obtain, but generally are too busy to completely verify and investigate before investing in these investments. This professional level group is a chief target of mining scams, securities scams, and penny stock market scams.

What can you do as an elderly citizen? If you have been victimized or believe you have been victimized, report it. Report to your local police department, the Federal Bureau of Investigation, the U.S. Secret Service, the Postal Service, the Federal Trade Commission, Consumer Affairs, or the Better Business Bureau. Do not be embarrassed and foolish, too. Report it.

What if you are unsure about a company and believe you may be a victim in the near future? Report it to the same agencies I just mentioned. The more current the information, the better chance law enforcement has of catching these criminals. In the case of the senior vice president investing in the mining scam, over 2 years lapsed before being reported. This investigation took quite a while to resolve since the criminals essentially had a 2-year head start.

What if you are thinking about investing in a venture? Here is that slogan again: "Investigate before you invest." Contact State regulatory agencies, the Better Business Bureau, and possibly an attorney before sinking even one dime into the venture.

Some consumers indicate they did not investigation this investment opportunity because the salesman needed an answer in 48 hours in order to be more profitable for them, and to get as jump on the competition. The opportunity is extremely limited, time is crucial. If you do not invest, they will just have to go somewhere else. This sounds familiar for a lot of people: pressure, pressure, and more pressure. No one wants to miss a good opportunity to maximize their life savings or increase a fixed income position, but at what price? Many pressure-packed opportunities use psychologi-

cal tools on consumers to make them feel guilty for not investing or maximizing the greed they feel is in everyone.

As a chief executive officer of a major corporation told me, "Investment opportunities come and investment opportunities go; but extreme time constraints have no place in sound business practices."

Senator Reid, ladies and gentlemen, thank you for your time.

[Applause.]

Senator REID. Mr. Shafer, I'm sorry that I kind of got you off the track a little bit. There are some things in your written statement which we will make as part of the record as if they had been read in their entirety.

I think some of the things that you mentioned specifically in your statement, I want to refer to. You say, "Family members rationalize exploitation many ways; 'I'm going to inherit it anyway, why not now?' " Have you had actual cases where that has taken place?

Mr. SHAFER. Absolutely.

Senator REID. "They are old, they don't need it." Have you had actual cases where people expressed that?

Mr. SHAFER. Absolutely.

Senator REID. "The rest of the family doesn't need it, but I do."

Mr. SHAFER. Not an exact expression of that, but I will give you an example. We reviewed a case yesterday in our office where mother is living with the son here, and the daughters came in from California because the son has plenty of money and all mother has is $25,000, so why is he using her money to take care of her instead of using his money to take care of her? They wanted us to look into it and to do a guardianship. I don't know at this point how it is going to come out, but it doesn't look on the face of it that it is anything more than a family squabble over $25,000. They're saying that since the son has plenty of money, "he doesn't need it, so let's save it" for the other side.

Senator REID. You have indicated, as I recall, that you have five people working in your office.

Mr. SHAFER. Yes, sir.

Senator REID. Now, we say five people. Are these five people working on guardianships?

Mr. SHAFER. Yes, sir.

Senator REID. And you say there are 1,000 new seniors moving into Clark County each month——

Mr. SHAFER. About that.

Senator REID [continuing]. Over which you have responsibility.

Mr. SHAFER. No. Our office has five case managers. The case manager's job is to do the case from beginning to end, to investigate it—and when I say "investigate it," they investigate it along with another agency, not just our own, whether it be the Metropolitan Police Department, Clark County Social Services, Division of Aging, or whoever is involved— to investigate the case to determine if the individual is in need of a guardianship. If the case manager in our office feels that a guardianship is necessary, they then determine whether it's an immediate necessity or if they can go through the normal process. If they feel there is financial exploitation or physical abuse, we consider that immediate. We then go

ahead and process a temporary guardianship. It takes us about 24 hours. If real important, it can be done in about an hour.

Once that is in place, the necessary steps are taken to prevent the problem. If it is financial exploitation, freeze all the bank accounts, just lock it all up as tight as you can, as fast as you can. If it is physical abuse, move the individual to the right property, hospital or whatever.

Senator REID. The point I'm making is, are these five people overworked?

Mr. SHAFER. Oh, absolutely.

Senator REID. How many people could you use if you had your perfect world? How many people could you keep busy doing this kind of work?

Mr. SHAFER. You ought to ask the three caseworkers who are sitting in the back room how much more help they want.

Senator REID. Could you use twice as many?

Mr. SHAFER. Absolutely. I think probably, if we doubled our staff today, we would be in good shape for the next year and a half to 2 years. We could catch up.

I think the biggest problem is not the staff. They do a marvelous job of investigating the cases and getting them ready. We can't get the filing done. We can't follow up all the paperwork that's involved in doing this. We have to be letter-perfect. We are held out to the community as being an agency that has to be letter-perfect. The investigation goes along nicely, but once we get into the day-to-day management of a case, we need many more people.

Senator REID. We've heard so many bad things over the years about lawyers. I was interested in your having something nice to say about them.

Mr. SHAFER. Well, of the lawyers in Clark County there isn't one lawyer that I have ever talked to that wouldn't volunteer—"volunteer" being I call them and say, "Hey, we need your help, we'll send you the paperwork"—that wouldn't do the paperwork on a guardianship and carry it through to its logical conclusion for free if that's what I asked him to do. In this area, this has been good. I'm real happy about that.

Senator REID. You also indicate that people say that "They are dying or confused; they won't know the difference if I take their money." Have you had cases like that?

Mr. SHAFER. Yes, absolutely. I'd like to give you an example. I have a real neat example that we did quite a while back.

There was a lady in Las Vegas who had quite a bit of money. Her husband was one of the founders of a hotel on the Strip. We got involved and found out that she was being exploited by a man about 30 years her junior. The Metropolitan Police Department arrested him. They took $100,000 in cash plus her jewelry out of the trunk of his car. They took some more jewelry and about $100,000 in cash out of his safe deposit box, plus her stocks and bonds, on which the title had never changed.

We put it all back together. Metro pressed charges, and he spirited her away one night. We had a person living with her, and he spirited her away one night and married her on the premise that a wife can't testify against her husband, so of course, we had to do an annulment of the marriage and so on and so forth.

We finally got a conviction—a moderate conviction, not the kind we would like, but we did get a conviction. We did rescue all the property, but probably lost about $100,000 which we would never recoup.

Her children did not take an active part in any of this, but one day they were in town and were sitting in our office, looking over the bills that we were spending to take care of the mother, and they wanted to know why we had spent about $4,000 in dental bills. Well, her teeth hurt, so we sent her to a dentist and had them fixed. And the comment was, "Well, she's old. She wouldn't know the difference anyway. Why spend the money?"

Senator REID. Now, Mr. Shafer, the example you've given deals with lots of money, so it's easy to picture that. But most of the cases you deal with do not involve large sums of money, isn't that right?

Mr. SHAFER. That is correct.

Senator REID. And as you indicated in your statement, people are just as greedy to get small amounts of money, it would seem, as they connive to get large amounts of money?

Mr. SHAFER. Right. Seniors are kept in untenable living conditions because that $350 Social Security check is brought into the house on the 3rd of the month, and the other person in there, whatever the relationship or the friendship is, is using it either to drink, gamble, or to live a better life than the senior is living. And that is real rampant right now.

Senator REID. You also state here that "Neighbors, friends, or family members usually start out being helpful. As the health or mental condition of the senior deteriorates, the friend takes on more of the day-to-day responsibility of the senior. As this process increases, the friend has gained access to bank accounts, safe deposit boxes, and other things, and it is at this point that the well-intentioned lose control and exploitation begins."

Mr. SHAFER. That is absolutely correct.

Senator REID. I think one other thing that is important in your statement—I'm sorry to spend so much time on this statement—is, "One glaring reason exploitation can exist is lack of openness in communications between senior and family members. As we grow older, we all tend to become secretive about our assets," etc., and this causes problems, doesn't it?

Mr. SHAFER. Yes. If any of us, whoever it is, decides to write a will or do something with our assets, we should keep our family members involved, or at least informed.

An example is, you've got three kids. One went out and struck it rich. One is a teacher, and the other one is having trouble finding a job and always will. It is obvious that if you're the parent, you're going to look to try to take care of those who need it; the first child is doing all right, there's no problem, so you write a will and it primarily excludes one to the others. Tell them what's going on. If you don't, then party A will think that party C is taking advantage of the senior, and you end up with family feuds that are totally unnecessary.

Senator REID. I think that's great advice for everyone here.

"Strangers exploit as a business." This is what Jared Shafer said in his testimony. "They watch obituaries. They attend senior func-

tions, live or move to where seniors live, they gain the seniors' confidence, and the exploitation begins." I repeat your testimony: "Strangers exploit as a business." There are people out there whose sole function is to cheat seniors, is that right?

Mr. SHAFER. Absolutely. And if I might expound on that a little, we are working on a case right now. I closed a probate in December 1989. Three weeks ago it came back to me in which the named executrix and her four step-sisters, all seniors, have been exploited. We are moving so fast now that I know that one of the people working for me will bring in a check for $90,000 this morning from a bank. As of yesterday, we had recouped $424,000, and with the $90,000 coming it, it will be just over $500,000. We think that if we're lucky, the total loss will only get to $155,000 from these five sisters.

This was a gentleman—how he found out, we don't know, but he found out that the mother/stepmother passed away with a large estate, that it was being turned over to these people in accordance with the law and the will, which was no problem, of course, and proceeded to impose upon them that he was going to help them do financial planning. Not only did he take $155,000, but he did not file an IRS 706 tax return which, unless we can make some headway with the IRS, is going to be increased from the $350,000 that should have been paid by taxes and penalties, to the tune of over $455,000, and we're going to work with the IRS real closely and hope that they will listen to our plight and hope they will lower the penalty. The interest we have to pay, but the point is somebody was watching the obituaries. Somebody knew that it was being turned over by reading court documents. He is a professional with a long record and a bunch of aliases, and different Government agencies are after him.

Senator REID. Agent Shepherd, it's my understanding in the work that you've done with these boiler rooms, these telemarketing schemes, that 90 percent of the telemarketing is directed toward seniors. Is that right?

Mr. SHEPHERD. Yes, sir, that's correct.

Senator REID. For example, this one company that sends out 1.2 million letters or things in the mail saying, "You've won," the average would be that over 90 percent of those letters go out to seniors?

Mr. SHEPHERD. That's correct.

Senator REID. You have indicated that you have received, as a result of some of the skulduggery that one of these telemarketing companies was up to, some 600 complaints, is that right?

Mr. SHEPHERD. It was 6,000.

Senator REID. Oh, 6,000. As a result of that, that would mean that probably 900,000 people had been cheated.

Mr. SHEPHERD. According to the Federal Trade Commission, for every one complaint there are between 100 and 150 people who haven't complained who should have. The primary reason had to do with embarrassment. They just didn't want to tell people that they had been ripped off.

Senator REID. I spoke to Judge Sessions, the Director of the Federal Bureau of Investigation, a few weeks ago when we were arranging this hearing. He indicated that he wanted to do everything

that he could to help with this hearing because this is one of the problems that the Federal Bureau of Investigation must confront, and I publicly commend Judge Sessions for allowing us to have you and all the time that you've spent the last few weeks in helping us set this up. It has been most helpful, because you truly are experts.

Because of the work of the FBI in southern Nevada, which just a year or so ago was the center of boiler room activities throughout the United States, boiler room activities are on the decline.

Mr. SHEPHERD. No, sir, it's not. Unfortunately, in the time period September of 1987, Las Vegas was considered the boiler room capitol of the United States.

Senator REID. Some 17,000 people were employed in these activities at one time, is that right?

Mr. SHEPHERD. Yes, sir, approximately that.

Senator REID. In the Las Vegas area?

Mr. SHEPHERD. Just in the Las Vegas area alone.

Senator REID. And these people would spend their day on the telephone contacting seniors throughout the United States?

Mr. SHEPHERD. During that time period we had West 57th come out here and do a section concerning telemarketing in Las Vegas. They interviewed some of the people who are the salesmen who were contacting people throughout the United States, the senior citizens. Pretty much, the salesmen here voiced their opinion that it didn't matter because the people they were talking to were just faceless names on the phone, and they would just try to sell to them, knowing that some of them were on limited income. If they were trying to charge $700 on a credit card, they would.

Senator REID. And they were commissioned salespeople, so whatever they sold to this faceless person, they benefit from that?

Mr. SHEPHERD. That's correct.

Senator REID. These boiler room activities are here today, gone tomorrow. If you put pressure on one here, there's nothing to stop them from going to Utah or New Mexico or Arizona or California, isn't that right?

Mr. SHEPHERD. That's correct, Senator. Unfortunately, that type of operation is so lucrative financially that when the new State of Nevada law was enacted in October 1989, a lot of telemarketing companies that were shut out of here because of the law just moved to surrounding States. As an example, Orange County has 422 rooms over there right now.

Senator REID. How many people would you estimate are employed in those 422 rooms in telephone solicitation? Thousands?

Mr. SHEPHERD. It's thousands. It's hard to guess how many are working over there.

Senator REID. Do you think the 422 is as large as it was at one time in Nevada?

Mr. SHEPHERD. We pretty much had it at about 307, what we were looking at, but we don't have any idea. The room can pop up at any particular place. We were searching and arresting people in motel rooms, using pay telephones by swimming pools. Wherever there was a telephone, they were using a telephone to try to contact people.

Senator REID. Are we making any headway? We ran a lot of them out of southern Nevada. Are we making any headway on these schemes to defraud seniors?

Mr. SHEPHERD. We are making headway through national legislation. We are attempting to make headway through education of senior citizens and other groups. There have been articles in Time Magazine, Wall Street Journal, other publications, trying to indicate exactly who the targets of these organizations are. As long as people are starting to be educated—as indicated in the statement, don't give your credit card number out to anybody over the telephone, and investigate before you start investing in any kind of a venture.

Senator REID. I want to express my appreciation to each of you. And Ms. Corcoran, even though we didn't ask you questions, your presence here was extremely important today.

As I indicated in my opening statement, it is so difficult to get victims to speak at hearings. When I indicated to my staff what I wanted to do for these Aging Committee hearings and indicated how I wanted the hearings set up—it sounds real easy to do, but the fact of the matter is that it is so difficult to get senior victims to come forward.

We had a hearing in Reno yesterday and we have this hearing here today. We had this same problem, as I indicated earlier, up there. Victims are really afraid to come. There is no reason—of course, it's nerve-wracking to speak to a large group of people, but they have already been through the most difficult parts. As we indicated in the case of the young man who beat up his mother—the picture is here of her terribly battered face, caused by her son's fists. You would think that she would be willing to come and help others, and she was. But we don't know where she is right now.

I appreciate very much your coming here. You've got a lot of activities to be involved in and not spend all day here.

But we are confident, and I am hopeful, that as a result of what we have done here today and what we did in Reno yesterday dealing with physical abuse, mail fraud, financial exploitation, that we're going to focus national attention on these very, very difficult problems. And hopefully, people in this very room who have been exploited, have been abused, have been cheated through the mails won't be any more. And those of you who have not been, hopefully you've been educated today so that you won't be, and you can tell your friends and neighbors what is taking place around the country.

We are going to try to focus attention on this at a national level so that we can stop these people who, as our Public Administrator said, have a business of cheating you. Those people, as we sit here and talk, are trying to figure out a new scheme to cheat you. As Agent Shepherd indicated, at one time in Clark County alone we had 17,000 people who spent their time on the telephone, cheating you.

So I appreciate very much the cooperation that I've received from many different people: Terri Truax of the Las Vegas Convention and Visitors Authority, who has been most helpful in allowing us to function here and take a lot of the time of their staff; the many volunteers who have been helping on the booths outside here

today; Suzanne Ernst, from the Nevada Division of Aging, who has been most helpful from the very beginning over the months that we have set up this hearing; Shari Compton, Nevada Division of Consumer Affairs, who gets complaints all the time from seniors about their having been cheated; Sherri Vogel, Senior Citizens Law Project, who has been most helpful to us in the months that we have worked at setting up this hearing; and our special thanks to Jo Ann Angerson and Sandy Durgin of the Metropolitan Police Department for their timeless efforts in trying to find victims for us and in generally helping set up this hearing.

I am now going to terminate the official hearing of this Committee on Aging, recognizing that the information will be incorporated into recommendations for the Senate Special Committee on Aging to shape the agenda for seniors issues in the 102d Congress. That is the Congress that will begin next year.

You have really been a part of history today. As I indicated, this is the first hearing of this kind anyplace in the United States. As I said this morning, it is really time that we fight back. What I have personally learned has been very eye-opening, hard to believe. As Dave Shepherd said, one company alone sends out from Las Vegas 1.2 million "winners"—people that won, who really have lost—each month, and that 90 percent of the boiler room activities are directed against seniors.

So what I have learned has literally been mind-boggling. I am going to take this message back to the Committee and the rest of the Senate.

As I indicated, those of you who want to address the panel on issues that relate to this, you are sure welcome to do that. We have a half hour before we have been asked to vacate the room, so for a half hour, anyone who wishes to address the Committee can do so.

If I could ask Agent Shepherd and the Public Administrator to stay here, there may be some questions that you have had more experience with, and also I would ask the Postal Inspector to stay here.

Those of you who wish to speak, if you would step forward and give us your names.

Yes. Please give us your name.

STATEMENT OF ALFRED WARD

Mr. WARD. My name is Alfred Ward, W-a-r-d. I am one of the victims of this telemarketing boiler room scheme as far as I'm concerned. I have been to every agency in this town to try to get help and try to get my money back, to no avail. I've been to the postal authorities, Consumer Affairs, FBI, Police Department Bunco Squad, and nobody has done anything for me.

Senator REID. Tell us what happened to you.

Mr. WARD. My wife and I had an accountant who talked us out of $10,000 to lend her—she was our business accountant for 2 years, did our taxes for the IRS—she asked us to lend her $10,000 for a business venture. She was going to make and sell sports videotapes. This never came about, and she's been in the telemarketing boiler room business now since 1986, that I've been trying to get back the $10,000 I've given her. I've gone to Consumer Affairs.

I told them that this woman has ripped us off and other people, and they have done nothing—they have done nothing about it. In fact, just the opposite. I told them in October of last year, and I signed a statement. A month later they got $5,000 from her for a license, and another 3 months later they got $50,000 for a business license from this same party.

Now, how can they possibly give somebody like that a license to operate? I told them—my wife and I went down, and other people have gone down and told them that they owe us money. They don't want to pay us back the money. I've gone to the FBI, and the FBI was very nice. I spoke to a Linda West up there, and she told us that they can't do anything about it because "We don't handle local affairs, only out-of-State affairs." I told them that this was also an out-of-State affair because this same party that took money from us gave someone in California $60,000, and I had two checks that showed the name of the party that got $60,000, for so-called publicizing of this video thing that never came about.

It's just impossible.

Senator REID. It sounds to me—I haven't practiced law in a long time, so I'm not giving you any legal advice—but it would seem to me that in addition to the potential criminal activities involved, it would appear that she is still around doing business. You have civil remedies available to you. That is, you could sue her and get your money back.

Mr. WARD. I had a lawyer, and the lawyer got from Judge Guy an order to—what do you call it?

Senator REID. A judgment.

Mr. WARD. A judgment, thank you. You're a lawyer, I'm not—to go get a judgment. We never followed through because the lawyer wanted more money. The lawyer's answer was, "What are you going to do? You can't get blood out of a stone." How does he know how much money she had? This woman has taken over $200,000 from people, and some of them she's in cahoots with, and they've been making money on the deal. I don't understand how she is still in business and nothing is being done about it.

I've been to the Police Department and they didn't do a darned thing. I went to the Bunco Squad.

Senator REID. I think you've gotten some misinformation. I don't know of a business license that costs $50,000. Is there one around here? I was on the Gaming Commission and we never did things like that.

Mr. WARD. It's $5,000 for a license and $50,000 for the bond.

Senator REID. Okay.

Mr. WARD. That's where I made a mistake, I'm sorry. You're right and I'm wrong.

But the only thing is, nobody has ever done anything about this woman. They're still in operation. And not only that, I hired a lawyer and it did no good. I finally had to get two good-looking gentlemen to go down there and tell her that they're going to get her on fraud if she doesn't start paying, so she started paying us $500 every week for about 4 weeks, and then it stopped again, and she started to cut down again. Now it's $50 a week we're getting back from this woman. She's still in business.

Senator REID. Well, it sounds to me—I don't know who your lawyer was, but it seems to me that there should be some civil remedies there. It appears to me, just the little bit that I know, that since you're still doing business with her and everything, it doesn't appear that there is much of a crime involved there. I would think there are a lot of civil remedies that you have available. You had better see another lawyer. You have a judgment, and——

Mr. WARD. Well, it wasn't a judgment. It was an order for a judgment.

Senator REID. Judgment only is good for 6 years, I think, so you had better check with somebody who does collection work. There are a lot of lawyers. I am sure someone in the Bar Association could give you the name of lawyers that do collection work.

I think that you should see what you can do civilly.

Mr. WARD. Yes, but it was a stipulation for a judgment. It wasn't a judgment.

Senator REID. That's okay. That's still a judgment.

Mr. WARD. And it cost us another $1,000 again to try to get—she owes us about $5,000 instead of $10,000.

Senator REID. You've done better than most people. You got half your money back.

Mr. WARD. Because I fight all the time, that's why. I don't like injustice, and I feel something should be done about it.

Senator REID. I appreciate your concern. I do think it's a civil remedy, and I wish you luck with it.

Thank you very much.

Mr. WARD. Thank you. Thank you, Senator Reid. Thank you very much.

Senator REID. Yes, please?

Ms. BROWN. Good morning. My name is Helen Brown——

Senator REID. I know that.

STATEMENT OF HELEN BROWN

Ms. BROWN. The first time I came here was in 1969, and I immediately started doing volunteer social work. One of the first things I learned was that Nevada has a reputation for being an "I am not my brother's keeper" State. It is now 1990, and I can't see that there's been a lot of change.

Listening here today to these professional people who are handling thousands of cases a month and have maybe three to five staff members, this is ridiculous. Let's raise the conscience of the residents of Nevada so that these professional people have the help they need so that they can help the people who aren't here and those of us who are here.

Thank you very much.

[Applause.]

Senator REID. You're not fooling me. Jared Shafer prepared that statement for you. [Laughter.]

Please give us your name.

STATEMENT OF MURIEL HEIDTMAN

Ms. HEIDTMAN. My name is Muriel Heidtman, and I'm going to change the subject slightly because I came to ask two questions.

What is the actual notch range? We keep hearing two different things.

Senator REID. Okay. The range is 1917 to 1926. The real impact, though, is from 1917 to 1921. Those are the people that are affected the most.

Ms. HEIDTMAN. The second question. I am a retiree from the State of California. Is what California is doing to my pension legal? And is there any way to fight it?

Senator REID. It appears at this stage that it's illegal, even though I think it's wrong, and we're attempting to get this changed. But we're going to have to change the law.

Some of you—most people here—know what we're talking about. In effect what has happened is that California is collecting income taxes from people who don't live in California, on pensions and other such items. We have even gotten help from legislators in California. There is legislation that we have now pending in Congress. We have about eight or nine Members of Congress from California who are cosponsoring that legislation.

So I was hopeful that we could get something done this year. I don't think we're going to be able to. Hopefully, we can early next year.

Ms. HEIDTMAN. Thank you very much.

Senator REID. You're welcome.

[Applause.]

STATEMENT OF MARSHALL NELSON

Mr. NELSON. Good morning. My name is Marshall Nelson. As you can see, I have a problem. I was mugged on July 3d. They broke my arm. It will never be the same. They broke my nose. I commend the Police Department, but not the District Attorney.

The charges read, "relating to robbery." No assault, no battery. They got $20, these two swiped from me.

Senator REID. Tell us what happened to you.

Mr. NELSON. I was walking home from the 7-Eleven. I live at 920 Sierra Vista. I got to the parking lot and I was attacked from behind by two young men. They kept on beating my right arm purposely, and my nose against the ground, bang, bang, bang. They were intent on violent assault. They finally got the money and my billfold and they took off. I was found a little later in the parking lot.

The Police Department did a fine job. The District Attorney's Office wanted me to plea-bargain, believe it or not, to go easy. Plea-bargain.

Senator REID. How old were the two young men?

Mr. NELSON. I would say early 20's.

We had one meeting in the courthouse in the hallway, all the attorneys, all these high-ranking officers. They all were speaking against me. I stopped and I said, "Hey, wait. What's the big problem here? You're all talking against me." "Well, you know, the jails are full. There will be delays in trial and all that, so go easy and we'll do a better job," you know.

Senator REID. What finally happened?

Mr. NELSON. Nothing yet. These two people were in jail, but I'm not certain if they're still there. At the present time I fear for my life, because if they would get 60 years, they would put me away.

Senator REID. This is an example of some of the unnecessary violence in our society. If they had grabbed you from behind and said, "We want your money," you would have given it to them, wouldn't you?

Mr. NELSON. Why, certainly, absolutely. It's common sense, you know.

Senator REID. There's no reason to beat you like that.

Mr. NELSON. No. No. No. I will be crippled for the rest of my life. My nose will be okay eventually.

Senator REID. I am sure that as a result of your standing here today the District Attorney will hear about this, and we would hope that as a result of that there will be some more direction given to these two young men.

Thank you.

Mr. NELSON. In all due respect to you, sir, if the courts cannot do their job, then what happens? I don't know.

Thank you very much. The committee stands in recess.

[Applause.]

Senator REID. The man that was wandering around close to all these people is a court reporter who wants to make sure that the record is perfect, and he is getting your names. By the way, even though his firm is based in Washington, he is now a resident—at least part time, as are members of his family—in Las Vegas.

Please state your name.

STATEMENT OF RICK SIAS

Mr. SIAS. My name is Rick Sias, Senator Reid. It's nice to see you again.

I am a little bit late in getting to the meeting. I want to address particularly the problems with violent crime in the community against seniors and others, but especially against seniors.

I hesitated in getting up, but since the gentleman stood up and talked about his problem, I witnessed something very similar at Tropicana and Maryland Parkway where I live. I saw a young, tall, white gentleman in his 20's, as I was turning a corner, attack an elderly lady, grab her purse, and violently throw her to the ground and then run off with her purse. I learned later that this was a drug-related crime.

That's what I want to address to you at this time. I know that you are very involved with and very aware of the drug problems, and I know that you've done a terrific job for us in Washington with the Omnibus vote and the drug enforcement and the several bills that you have introduced yourself. However, what I want to present to you and this body today is that I believe that there is a very big problem with the misidentification of drug problems nationwide, and particularly in Las Vegas. I think that the single most important problem that we have in this community is drug-related, and I don't believe it's West Las Vegas and a black problem. It is a statistically proven fact that 80 percent of drug users

are white. And 80 to 90 percent of the people selling drugs and making profits are white. They're not minorities.

There is an excellent article that was in the Los Angeles Times on this very subject that I sent to your office, to your attention, dated April 22, 1990. The headline of the article was, "Drug War or Black War?" Because it has been very apparent that the easiest arrests for law enforcement are the black folks standing out on the corner selling things. It's very difficult to get into hotels or boardrooms or into middle class homes where people are users. I contend, from my experience in the business I'm in, that there are a vast majority of middle class moms and dads that are using drugs in this town. And until we identify that problem correctly, we can't begin to solve it.

This is a very important issue to all senior citizens because these fellows that need drugs to live and to feed their habit have no conscience. The easiest prey is the lady—we're talking right at Maryland Parkway and Tropicana, a nice suburban area—every house on my street on Wilbur has been broken into twice. We have a preponderance of elderly people living on my block. This is all drug-related.

Senator REID. I appreciate that very much. When I go to town hall meetings and the question comes up about this, I say, as I'm going to say right now, that those people who are recreational users of drugs, no matter what kind it is—even marijuana, cocaine, heroin, whatever else is used—I say that those people are just as responsible for the deaths. Time magazine, for example, this last week had an article about little kids who had been killed in drug wars. They are just as responsible for the deaths of those young people as is the person who is actually selling it on the street.

Mr. SIAS. More so.

Senator REID. I think that the point that you brought out is well taken. I think that we have to recognize that the problem is not located in one particular part of this city or any other city, but that it is a societal problem. We must explain and educate people to the fact that those people who use these drugs, in no matter what fashion, are just as responsible for the crime and corruption that is in our society as a result of drugs as anyone else.

Mr. SIAS. Thank you.

STATEMENT OF DACA RA

Dr. RA. My name is Daca Ra. I don't really have a question, but I'd like to find out how I might obtain a copy of the hearing that we're having here today.

Also, if I want to send in a complaint, where do I write to?

Senator REID. Okay. There is lots of information out on the table. There are all kinds of places there that you can write. You have an FBI agent here. You have the Public Administrator here. You have the Postal Service here. There are all kinds of people that you can write to.

I can say for others who are interested, it will take, frankly, at least 45 days to get this transcript. It could take more than that, because there are other Congressional hearings being held. Today's testimony will be transcribed into a little booklet. At that time,

hopefully, anyone who is interested in getting a copy, we will send that to you.

Dr. RA. Thank you.

Senator REID. Please, Jan, would you give your name for the record?

STATEMENT OF JANET MacEACHERN

Ms. MACEACHERN. Janet MacEachern, Boulder City.

First of all, I want to apologize for being so disrespectful in a public hearing to call you Harry. I know you are Senator. I have known you for so long.

But there are a couple of things that I wanted to call to your attention that I didn't hear discussed this morning with regard to care of the elderly. I wonder if you're aware that we've been trying very hard here, with little success and funds, with our respite care. Sometimes the caregivers are almost abusive because they're so tired from taking care of those who need care, and they need respite. We do have some day care centers now for care of the elderly where they can get some respite and they can take their people there by the day.

We have worked for several years, and now we are finally able to get a little help from Medicaid for those who aren't able to pay for that care. At the present time, our Hollyhock Center here and the Salvation Army in Henderson have the daily care and respite care for the elderly who need it, but it costs them. And the people who take their parents there—maybe they're working or maybe they just need a little time off—some can't afford to do this. Of course, they are taking care of them when they can't afford it.

Finally about 3 years ago we got some Medicaid help, but I am hoping that you can think about this and give some thought to where we can get the funds to set up more of these daily care centers for the elderly.

Senator REID. Your point is well taken. I think that we would have a lot less abuse if in fact those people who provide care—family members who provide care for seniors—had an opportunity on occasion to get away from the care that they render on a 24-hour basis. I think it would make it better for the senior that is being cared for, and those that are caring for the seniors.

Remember, in many cases it's seniors taking care of seniors. So I think your point is well taken. As you know——

Ms. MACEACHERN. Sometimes it's a husband taking care of a wife.

Senator REID. That's right. As you know, in the catastrophic bill that bit the dust, in that bill there was a provision for respite care. That has been repealed and we are trying to get it now in another piece of legislation.

Thank you very much.

Ms. MACEACHERN. I do have one little short question for Jared Shafer down there.

When I got the list on my property tax, how it's divided, I noticed that there is money that goes from our property tax to the indigent. All it says is "indigent," and then the percentage that is given to that.

Does your office get anything out of that?

Mr. SHAFER. No. All of the funds under the indigent tax portion go to the University Medical Center to provide for indigent medical care for those in our community who can't afford it.

Ms. MACEACHERN. That's the only thing that goes to?

Mr. SHAFER. The only thing.

Ms. MACEACHERN. Then I'm real proud that I voted for both of you. [Laughter.]

Senator REID. Anyone else that would care to ask questions?

STATEMENT OF CHARLEENE NYE

Ms. NYE. My name is Charleene Nye. It's a pleasure to be here, Senator Reid.

I'm a notch baby, and I would appreciate more Social Security, if you can pass that bill in the Congress.

Senator REID. Let me respond to the notch question, which is a significant problem. As I've indicated in answer to a question earlier, the notch years are from 1917 to 1926. The real heavy impact, though, is from 1917 to 1921.

The Social Security Fund, since 1983, has been accumulating significantly—that is, it should have been accumulating. We are taking in a lot more money than we're spending. The problem is that those moneys have not been collected and put in a safe place. For example, Mr. Shafer, the Public Administrator, if he takes money as a guardian, he has to put those moneys in a trust fund, and they can only be spent under very, very strict procedures. If he violates that trust he could be criminally prosecuted. So that's a trust fund.

The reason I mentioned that is that our Social Security Trust Fund hasn't been treated nearly as carefully. In effect, what those moneys have been used for is to offset the deficit. So all this money that has been collected, this excess money for Social Security, isn't there. It's been spent.

So how are we going to take care of the notch babies? The only way we can take care of them is to change the formula. That formula, in the 1960's, was changed to give those people less money. The only way it can be changed is to put them on the same standard as everyone else. That's going to cost money.

We would have money to do that if we weren't spending—if we weren't spending these moneys collected in the trust for purposes that they weren't meant to be, namely, to retire the debt.

So I've introduced legislation, and there has been comparable legislation introduced in the House, that would simply say, "Pay the notch babies what they're entitled to, because we have the money to do it," OK?

Ms. NYE. Well, I'm 1918, so——

Senator REID. Well you're one of the worst as far as not getting the right amount of money.

Ms. NYE. Thank you, Senator.

Senator REID. Thank you very much.

Please state your name.

STATEMENT OF ED FLEMING, SR.

Mr. FLEMING. My name is Ed Fleming, Sr. I am not a good typist. Many years ago I sent in an idea to one of the large companies that they build a typewriter that, when I hit a key, it does not record it on the paper for 2 or 3 seconds, because most of the time when you make a mistake you know immediately and you could erase it before it hit the paper.

Well, at that time they were already working on word processors and other things much better than my idea. But I wanted to show my ignorance of banking by asking this question.

Could we, as senior citizens, when we buy our bed for $1,900, simply get the bank account number of the company that is selling us the bed and give a check by mail to that bank, and then 1 month after we had received the bed and approved of it, the bank could release that money to the company that had sold us the bed?

Senator REID. Mr. Swagerty, could you respond to that, if you don't mind coming here?

Mr. SWAGERTY. That sounds like a good idea, but I doubt that very many of the con-artists would be too happy with that approach.

If you could do that, certainly it would be good—in other words, pay for the merchandise after it has been delivered. If you can work that into the contract, I would heartily recommend that you do that. But as I say, con-artists are not going to be too inclined to do that, which is actually a pretty good tip that that might be the kind of person you're dealing with.

Mr. FLEMING. Thank you very much.

Senator REID. Our time has expired. I appreciate all this time very much.

One thing I haven't done is acknowledge the great staff work that has been done. Karen Judge from my Washington office and Janice Miller from my Las Vegas office have spent many days of their lives in the last few months trying to put this together, and I publicly appreciate their good work.

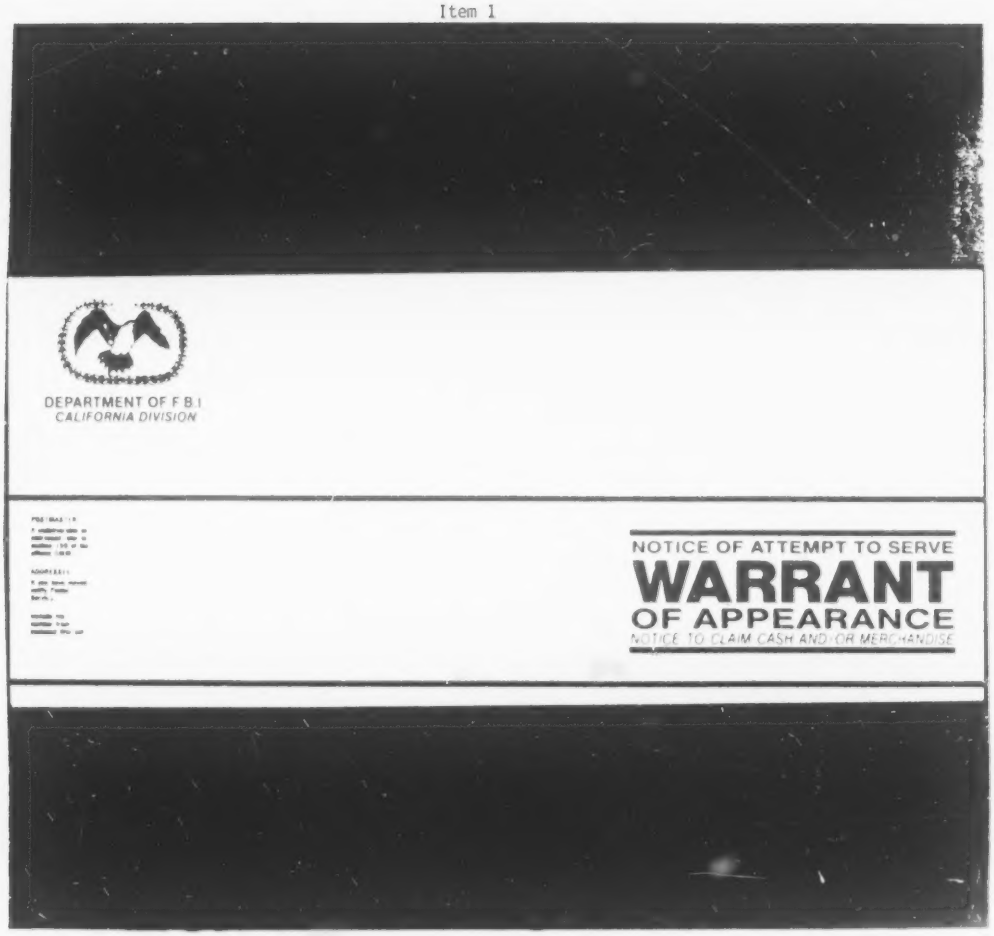
Thank you very much. The committee stands in recess.

[Applause.]

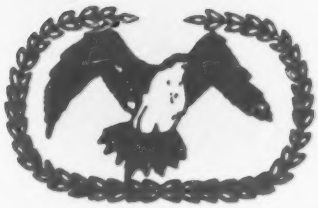
[Whereupon, at 11:50 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

Item 1



This fraudulent mailing is from the F.B.I.--The Fountains Bureau of Invitations. The appearance of government affiliation is commonly used in fraudulent mailings.



THE FOUNTAINS
BUREAU OF
INVITATIONS

CAR-RT SORT **CR08
Mr. & Mrs. L
Rd
Yucaipa, CA 92399

WE ARE ASSUMING YOU CAN USE
$10,000.00 CASH, AND A NEW
1988 MAZDA 323 AUTOMOBILE

Dear Mr. & Mrs.

We assume everyone in your city could use $10,000 and a new car, but everyone in your city is not going to receive this notification--YOU HAVE.

Just imagine driving up to your bank in your new Mazda and depositing the entire $10,000.00 into your account, and then spending your money... any way you want.

My job is tough. My job is to offer families like yours the opportunity to receive valuable cash and merchandise in exchange for a small amount of their leisure time. The enclosed Warrant of Appearance, which is made out in your name, states your two award claim numbers entitling you to at least one award stated in this notification. These award(s) are offered to you in consideration for visiting our facility (driving instructions and map enclosed).

We distribute thousands of items worth millions of dollars each year. We realize we had to make it worth your while to persuade someone of your status to visit our facility. Hopefully, these items will be enough to persuade you.

According to our rules, all advertised awards must be distributed. The stated awards remain unclaimed. You have the opportunity to claim your award(s), but it is limited. You must claim your award(s) within 14 days of receipt of this notice. After this time, we will offer these exact awards to some other family in California.

This offer is not for everyone. When you comply with the rules, you are guaranteed to receive your award(s).

Act today! There is no obligation to purchase anything whatsoever during your visit.

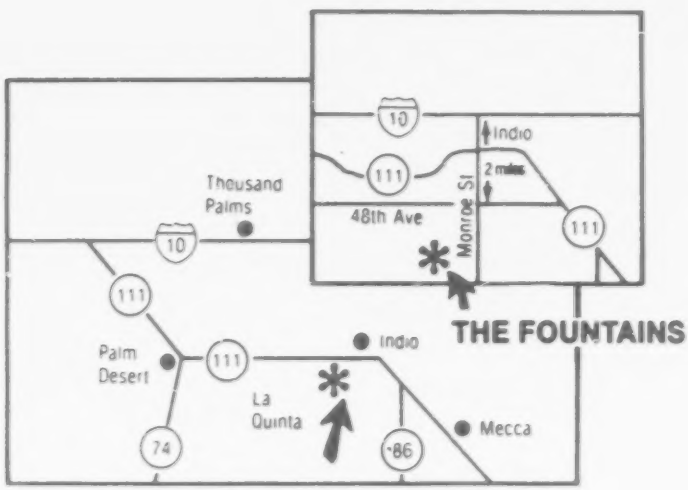
Sheila Harrington

Sheila Harrington

NOTE: AN APPOINTMENT TO CLAIM YOUR AWARD(S) IS REQUIRED. PLEASE CALL 1-800-828-0954 FROM 10AM-8PM MONDAY THRU FRIDAY OR SATURDAY FROM 10AM-2PM.

DETAILS OF PARTICIPATION

To be eligible for this free gift offer you must be between the ages of 23-62 and be creditworthy or be able to demonstrate a consistent annual income of $25,000 or more. This is a national giveaway program with multiple sponsors. All depicted gifts are guaranteed to be awarded and this free gift offer is void where prohibited by law. Only you, the individuals named on this notification are eligible to claim your gift and all persons named on the Notification (if applicable) must be present to acknowledge receipt of the free gift. If married, husband and wife must visit together. There is no obligation to purchase or join anything in order to receive your free gift. All we ask is that you view an informative presentation on vacationing. AN APPOINTMENT TO PICK UP YOUR GIFT IS REQUIRED. The Fountain's Resort owners, employees, persons connected with this program and anyone visiting The Fountain's Resort as a result of any of their promotional programs within the past 12 months are ineligible. Only one notification per family or auto. This offer may not be used in conjunction with any other Fountain's Resort promotion. This Notification is valid only for citizens of the United States and Canada. Suggested retail references are those provided by the manufacturer.



DRIVING INSTRUCTIONS

From the Los Angeles Area: Take I-10 to Indio, turn south on Monroe Street and follow the signs for 2 miles to The Fountain's Resort. (Distance - 129 miles)

From the San Diego Area: Take I-15, Highway 395 north to Highway 79 east (Temucula-Indio Exit). Follow Highway 79 east and take a left onto Highway 371. Then take a right onto Highway 74 and another right (east) to Palm Desert. Take Highway 111 east into Indio. Take a right onto Monroe Street and follow the signs to The Fountains Resort. (Distance - 149 miles)

From Palm Springs Area: Take Highway 111 east. Turn right on Monroe Street and follow the signs to The Fountain's Resort. (Distance - 18 miles)

The Fountain's Resort is 129 miles from Los Angeles, 149 miles from San Diego, 109 miles from Anaheim.

Item 2

Statement of Mary Helen Machado, August 17, 1990

We saw a postcard advertisement in the Sunday edition of the local newspaper by Confortron Adjust-a-matic Beds and decided to send it in order to receive more information.

Several weeks later we received a folder in the mail, followed by a phone call a week later. At that time we made an appointment to meet the representative at our residence in Carson City.

The rep explained and demonstrated the mechanisms of the beds. We were sure that was what we were looking for. It took an hour or so to settle on a price. At that time we wrote a check for the full amount agreed upon for two beds in the amount of $2,984.00.

Delivery was to be in six weeks. In five weeks we received a notice that the company had gone into receivership and that they were going to honor all the orders that they had at that time. We didn't hear from them for several months. We tried contacting them, however their phone had been disconnected.

Then we received a letter that they were in receivership. At that time we went to an attorney, however the attorney was not successful with the case.

We purchased adjustable beds from a different source.

Last year the Postal Inspector from Denver, Colorado contacted us by mail and requested that we furnish information because we apparently one of many who had lost money with this company.

Mary Helen Machado

Item 3

I'm McGruff, the crime fighting dog. I've been working with the Postal Service to help keep you from becoming a victim of postal crimes. I'm talking about mail fraud and mail theft.

Every year, thousands of people tell us about getting ripped off by mail fraud schemes. Others report the theft of checks or other valuable mail from their mailboxes.

So, the Postal Service has prepared this booklet. It's full of tips and ideas on how to discourage mail thieves and how to help put mail fraud con artists out of business.

Take some time to read this booklet. Study it. Act on it. By working together, we can help the Postal Service . . .

TAKE A BITE OUT OF CRIME®

Contents

Mail Fraud

- Medical Fraud
- Work-at-Home Schemes
- Charity Fraud
- Land Fraud
- Insurance Fraud
- Investment Fraud
- Home Improvement Fraud
- Lotteries
- Chain Letters
- Distributorship Fraud
- Phony Job Opportunities
- What To Do If You've Been Conned

Mail Theft

- Protect Your Mail
- Neighborhood Watch

Other Problems

- Unsolicited Merchandise
- Sexually Oriented Advertisements

Postal Inspector Locations

Crime Prevention Coalition Booklets

Be An Informed Consumer When You Shop By Mail

You can save time and money when you shop by mail. Most mail-order companies are honest and stand behind their products and services.

Unfortunately, there are a few rotten apples who give direct mail advertisers a bad name. They cheat people by peddling worthless products, medical quackery, and get-rich-quick schemes. Some fly-by-nights take your money and send you nothing.

Unscrupulous businesses don't mind taking advantage of an unwary customer. "Let the buyer beware" is their motto—and you might be the buyer.

Mail fraud works because people don't recognize it until it's too late. To stop mail fraud, you've got to know it when you see it.

Mail fraud artists frequently rely on the same old tricks; you may even be familiar with some of them. The following pages include some of the more common mail fraud schemes. Watch out for them.

Medical Fraud

The snake oil merchant is still with us. But today's quacks are highly sophisticated salespeople who use widespread deceptive advertising to offer miracles like . . .

Instant cure for arthritis!

Lose weight overnight!

Grow more hair!

Look years younger!

Increase sexual powers!

Most of the gadgets and gimmicks advertised are not tested by competent medical authorities, and some are downright dangerous, so:

Don't trust your health to a salesman.

Don't believe claims of a secret cure or miracle drug.

Don't believe claims of excessive weight loss.

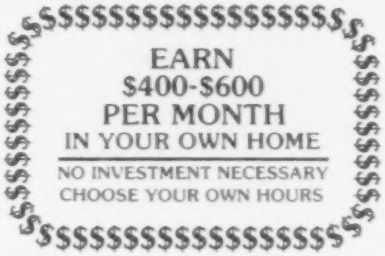
Don't believe exaggerated claims of regained youth or the perfect figure.

Protect your health and your pocketbook. Before purchasing any cure-alls, check with your family doctor.

"Not long ago, I saw an ad for an amazing concentrated vitamin capsule, guaranteed to dissolve the fat right out of your body. Sounded great—just what I needed to shed a few pounds.

"But when lab experts analyzed those pills, guess what? They found some vitamins alright, but the rest was just fillers to make you feel full. . . . And the scales ran up the same old bad news."

Work-At-Home Schemes



Have you ever seen an ad like this? Maybe even responded? Thousands of people have—helping unscrupulous promoters pocket millions of their hard-earned dollars.

Take envelope stuffing. This is the most common kind of work-at-home fraud. Typically, there is nothing to stuff . . . instead, you receive instructions to place ads like the one you responded to! Other schemes require you to make baby booties, Christmas wreaths, or other specialty products for which there is little or no market.

Beware: Work-at-home schemes will not guarantee regular salaried employment. They **will** require you to invest your money before explaining how a plan works or before you are sent instructions. The work you are asked to do often continues the fraud by getting other victims involved.

Always suspect any ad claiming you can earn unusually high income with little or no effort on your part.

Charity Fraud

Most mail solicitations for charitable contributions are legitimate appeals by reputable organizations. Some are phony. Charity fraud does a lot of harm. The swindler takes advantage of people's good will and takes their cash—money meant for people in need.

Reminders:

- Give to charities you know. Check out the ones you have never heard or whose names are similar to a well-known charity.
- Be suspicious of charities that only accept cash.
- Always make out your check or money order to the organization to which you want to donate—not to an individual.

> **"You know, it's a great idea to help a guy in need. And one way to do it is to give to a charity. But you know what? Some people set up their own charity—one that helps only them."**

Land Fraud

People often respond to attractive land sales advertisements. A warmer climate, low down payment, and easy monthly installments are enticing. Then you discover the land is in the middle of nowhere and can't be resold for even a fraction of the price paid.

Tips to Wise Investing:

- Never buy land by mail without first visiting the property.
- [illegible] and guarantees in writing.

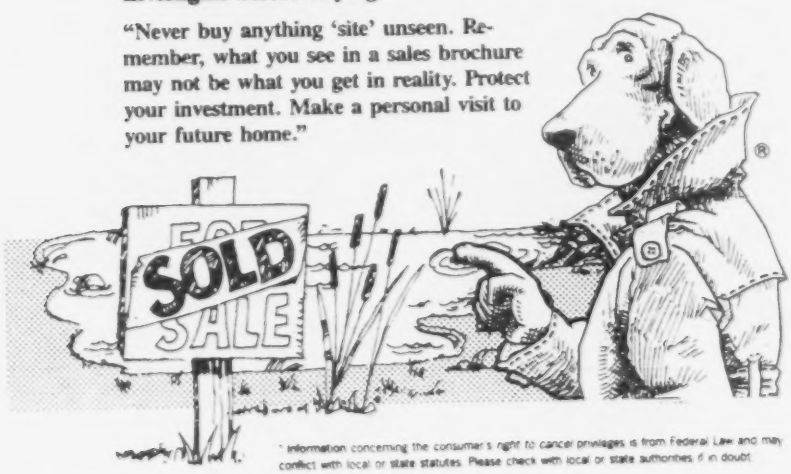
- Obtain a property report from the salesperson or developer.
- Contact the Better Business Bureau where the land is being sold.
- Locate a local real estate broker and compare land prices.
- To register a complaint or to determine whether there are any complaints on file against the firm, contact:

  Department of Housing and Urban Development
  Office of Interstate Land Registration
  451 7th Street, S.W.
  Washington, DC 20410-8000

- Remember . . . you have the right to cancel your sales agreement within 7 days if you have already seen the property report. You also have the right to cancel the agreement within 2 years if you have not seen the property report before signing the agreement.*
- If you discover the land developer or promoter has materially misrepresented what he is selling, you may take legal action to get your investment back.

Investigate before buying!

"Never buy anything 'site' unseen. Remember, what you see in a sales brochure may not be what you get in reality. Protect your investment. Make a personal visit to your future home."



* Information concerning the consumer's right to cancel privileges is from Federal Law and may conflict with local or state statutes. Please check with local or state authorities if in doubt.

Insurance Fraud

There are some slick operators who run insurance policy schemes and try to sell you anything in the insurance line, regardless of your existing coverage or need. The premiums far exceed those charged by reputable insurance firms. These schemes have certain recognizable traits that can help you spot them.

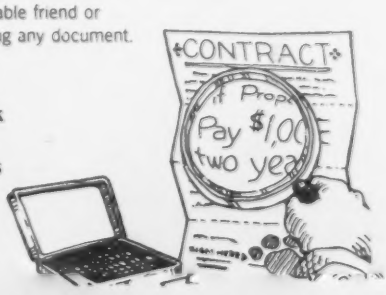
Watch For These:

- A request for cash payments.
- A request for lump sum payments as far as a year in advance.
- An offer of last chance insurance bargains.
- A request that you sign a blank insurance form.

When purchasing insurance, be sure to read all the fine print on documents and purchase only the insurance coverage you need.

Discuss the offer with a knowledgeable friend or relative or an attorney before signing any document.

"Some of these schemes are downright vicious. One crook told a 93-year old woman, who lived alone, that she was purchasing the best health insurance money could buy. You know what she got? Maternity insurance!"



Investment Fraud

Thousands of Americans invest in business deals. While many find financial success from legitimate investments, some lose their life savings.

There are dozens of different investment frauds. Clever swindlers promote investments in coal, oil, silver, gold, and precious gems by promising attractive dividend income and stock appreciation.

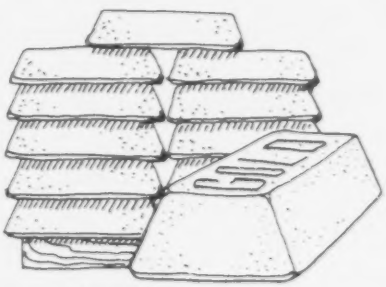
Early investors in these schemes are often lulled into a false sense of security by the receipt of dividends. However, these dividends are not paid from the profits of the operation but from funds invested by the most recent victims.

Investigate Before You Invest

Be suspicious of offers that:

- Promise huge profits
- Guarantee low risks
- Claim you must act NOW

Check with your Consumer Affairs Office or Better Business Bureau to find out the reputation of a particular company before investing.



Home Improvement Fraud

Home repairs and improvements can be costly—so watch out if somebody mails you a brochure offering to do an expensive job for an unusually low price—or to make a free inspection of your home.

These are the favorite tricks of a dishonest home repair firm. Some offer a price you just can't resist. Once you sign the contract you learn why—they never deliver the service!

Free inspections usually turn up plenty of expensive repairs you don't need. Some shady companies will offer to do the work on the spot. When they leave, you may be left with a large bill and faulty repair job.

Use These Precautions:

- Always get several estimates for every repair job and compare prices and terms. Check to see if there is a charge for estimates.
- Ask your friends for recommendations—or ask the firm for references—and check them.
- Contact your local Consumer Affairs Office or Better Business Bureau to check out the company's reputation before you authorize any work.
- Pay with a check or money order—never with cash. Arrange to make payments in installments—one-third at the beginning of a job, one-third when the work is nearly completed and one-third after the job is done.

Lotteries

Federal law makes it a crime to mail letters or circulars containing lottery material . . . including tickets or forms claiming to represent tickets, chances, shares, or interests in lotteries. Exception: State owned and operated lotteries may mail to addresses within their own states when authorized by state law.

The three elements making a lottery illegal are:

1. A *payment* is required (cash or money order).
2. A *prize* is offered (money or something of value).
3. A return on investment depends on *chance* (all recipients will participate).

Be Wary:

- ✔ If you receive what appears to be lottery material from a foreign country, from another state, or from your own state that does not have an authorized lottery, turn it over to your post office or Postal Inspector.
- ✔ The lottery, or anyone participating in it, may be violating federal law.

Chain Letters

Have you ever been asked to participate in a chain letter guaranteed to earn you big $$$ with one small investment? Don't waste your money . . . chain letters are a form of lottery and may violate federal mail fraud laws. The same three elements that apply to lotteries (payment, prize, and chance) also make these schemes illegal.

No. of Mailings	*No. of Participants*
1	6
2	36
3	216
4	1,296
5	7,776
6	46,656
7	279,936
8	1,679,616
9	10,077,696
10	60,466,176
11	362,797,056
12	2,176,782,336
13	13,060,694,016

U.S. Population: Almost 300 million

World Population: Over 4 Billion

Why They Don't Work

People lose hundreds of dollars every year through these schemes. The promise that all participants in a chain letter will be winners is mathematically impossible. The first investor in the chain may receive some money, but later participants rarely even get their original investments back.

A typical scheme may require you to mail the chain letter, along with a specified amount of money to six people, each of whom must then mail letters to six more people, and so on. But look at the chart . . . You can see that more participants are required than there are people in the entire world!

Some chain letters masquerade as *multilevel marketing plans*. These require an original promoter to sell a product and enlist several other people to become sellers, who in turn recruit others. The fact that selling a product is involved, instead of winning money, does not ensure legality.

So Remember:

- ✔ Watch for the three illegal elements of payment, prize, and chance.
- ✔ Be alert to chain letters disguised as multilevel marketing plans.
- ✔ Question quotes saying the letter violates no law.
- ✔ Turn the letter into your post office or Postal Inspector.

and Know the Difference

Do not confuse *regular* or *multilevel* with *prayer* chain letters that promise good fortune, but require no investment. These are not illegal—just a nuisance. And don't be intimidated by implied threats of bad luck, personal injury, or disaster to anyone who breaks the chain. THROW THEM AWAY.

Distributorship Fraud

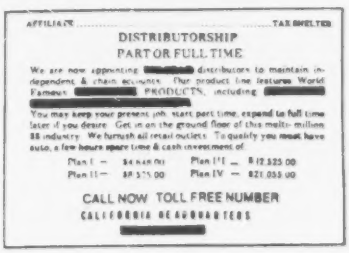
Distributorships and franchises can be legitimate and often profitable forms of business enterprise. Fast food franchises and new car distributorships are examples of opportunities offered by national organizations to individuals willing to invest a substantial amount of money for the right to operate such a business.

Unfortunately, there are some devious promoters who use the cover of legitimate businesses to advertise fraudulent opportunities. They take their investors' money and quietly go out of business.

Watch For These Warning Signs:

- Promises of unrealistic profits.
- Promoters who seem more interested in selling their distributorship or franchise than they are in the product or service being offered.
- Potential investors are not encouraged (or allowed) to contact other investors.

Check the firm's reputation with your local Consumer Affairs Office or Better Business Bureau.



AFFILIATE ..... TAX SHELTER

DISTRIBUTORSHIP
PART OR FULL TIME

We are now appointing [redacted] distributors to maintain independent & chain accounts. Our product line features World Famous [redacted] PRODUCTS, including [redacted]

You may keep your present job, start part time, expand to full time later if you desire. Get in on the ground floor of this multi-million $$ industry. We furnish all retail outlets. To qualify you must have auto, a few hours spare time & cash investment of:

Plan I — $4,949.00 Plan IV — $12,525.00
Plan II — $8,575.00 Plan IV — $21,055.00

CALL NOW TOLL FREE NUMBER
CALIFORNIA HEADQUARTERS
[redacted]

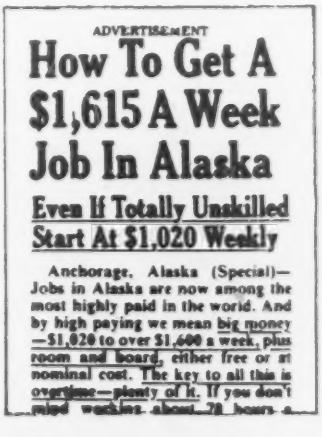
Phony Job Opportunities

Phony employers place or mail advertisements offering nonexistent employment or false employment information. A fee is always required. These offers misrepresent the number of jobs actually available and their salaries.

Beware of Job Opportunities That:

- Guarantee placement in a job.
- Claim no experience or skills are needed to qualify.
- Offer a too-good-to-be-true salary.
- Offer overseas employment.

Contact your local Consumer Affairs Office or Better Business Bureau to check the reputation of the company.



ADVERTISEMENT

How To Get A $1,615 A Week Job In Alaska

Even If Totally Unskilled Start At $1,020 Weekly

Anchorage, Alaska (Special)— Jobs in Alaska are now among the most highly paid in the world. And by high paying we mean big money —$1,020 to over $1,600 a week, plus room and board, either free or at nominal cost. The key to all this is overtime—plenty of it. If you don't mind working about 70 hours a

What To Do If You've Been Conned

Consumers who believe they are victims of mail fraud should write the nearest office of the Postal Inspection Service or refer the information through their local postmaster. Include the following:

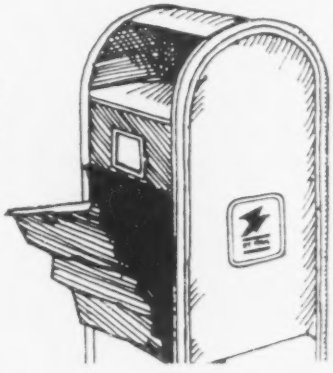
- Full name and address of individual seller or firm.
- Copies of advertisements relating to the order.
- Copies of correspondence to and from the firm, including copies of envelopes, if possible.
- Method of payment, including a copy of the receipt, canceled check, or money order.
- Whether money was required before receiving the merchandise.

Not evey unsatisfactory mail transaction is fraudulent. Many complaints received from dissatisfied customers show the seller has not violated postal laws. Legitimate complaints are normally resolved to the satisfaction of both parties by the Inspection Service contacting the sellers directly and asking them to resolve the complaint.

Mail Theft

The Postal Service delivers millions of checks, money orders, savings bonds, credit cards, and other valuable items every day. Unfortunately, thieves know this and are ready and waiting to steal your mail when the time is right. They break into residential and apartment mailboxes, collection boxes, and postal vehicles.

The Postal Service works hard to make sure your daily mail gets to you safe and sound. But we need your help. By following a few tips, you can make life a little harder for mail thieves.



Protect Your Mail

1. **Never** send cash or coins through the mail. Always send a check or money order.
2. **Make Sure** your mailbox is in good condition. Mailboxes in poor condition often expose mail to theft and bad weather. Your local postmaster can advise you on current postal regulations and steps you can take to improve the condition of your mailbox.
3. **Collect Mail** from your mailbox promptly, especially checks and food coupons. Become familiar with the time of day your letter carrier delivers mail. If you cannot be home when checks or food coupons are expected, ask a trusted friend or neighbor to pick up your mail. Also, contact your post office about holding your mail for you during vacations or other long absences from home.

4. **Contact** the issuing agency if you do not receive an expected check, food coupons, or other valuable mail.

5. **Notify** your post office and mailers immediately if you change your address. Your local post office has Change of Address cards for this purpose.

6. **Deposit** your mail in an authorized mail collection box or give it to your letter carrier. Never place mail for your carrier to pick up in an unprotected area where it can be easily stolen.

7. **Address** your mail properly. Always include your complete return address, street/apartment number and ZIP Code. If you do not know the correct ZIP Code, call your local post office.

8. **Advise** your local postmaster or Postal Inspector immediately if your mail is stolen.

Neighborhood Watch

The next time you get together with your neighbors or local group, talk to them about preventing crime in your neighborhood, because when it comes to fighting crime, you're all in it together.

The police may be able to help you start a prevention program or alert you to programs where you live. All that's needed for most of these programs are your eyes, your ears, and a little of your time. There's plenty you can do.

For Example:

Exchange work and vacation schedules with your neighbors so you can keep an eye on each other's homes. That way, if they are at work but the back door is wide open, you will know something is wrong and you can call the police. Ask the police about **Neighborhood Watch.**

What Your Neighborhood Watch Program Can Do To Prevent Mail Theft

1. Have members of your patrol take turns waiting at mailbox areas when valuable mail is scheduled to be delivered.

2. Watch for and immediately contact your local police if you observe any of the following:

   —Anyone following letter carriers or tampering with their vehicles.

   —Anyone looking into mailboxes after the delivery of mail.

   —Anyone tampering with Postal Service collection boxes where mail is deposited and stored.

"Don't let anyone tell you that Neighborhood Watch is an excuse to be nosy. In Seattle, Washington, people formed Neighborhood Watches, marked their valuables for Operation Identification, and had security surveys done in their homes. And they cut their burglaries in half."

OTHER PROBLEMS
Unsolicited Merchandise

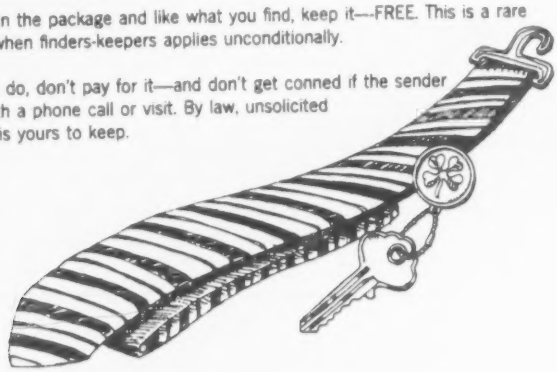
A cagey company sends you a *gift* in the mail—a tie, a good luck charm, a key chain. You didn't order it. What do you do?

If you're the kind of person they are looking for, you will feel guilty and pay for it. But you don't have to.

Do One of These Instead:

- If you have not opened the package, mark it "Return to Sender." The Postal Service will send it back at no charge to you.
- If you open the package and don't like what you find, throw it away.
- If you open the package and like what you find, keep it—FREE. This is a rare instance when finders-keepers applies unconditionally.

Whatever you do, don't pay for it—and don't get conned if the sender follows up with a phone call or visit. By law, unsolicited merchandise is yours to keep.



Sexually Oriented Advertisements

Are you tired of having your mailbox used by smut peddlers?

Well, there are two postal forms you can use to stop delivery of unsolicited sexually oriented advertisements to your home. They enforce federal laws aimed at safeguarding you and your family from undesirable mail.

- The first form authorizes the Postal Service to issue an order prohibiting a specific mailer from sending you ads that you think are *erotically arousing or sexually provocative.*
- The second form authorizes the Postal Service to add your name to a list of people who do not want to receive *sexually explicit* ads from any mailer.

So—take action to stop unwanted advertising. To get the forms, ask a window clerk at your post office for the SOA Consumer Protection Packet.

Postal Inspector Locations

Postal Inspector in Charge
Atlanta, GA 30321-0489

Postal Inspector in Charge
Baltimore, MD 21203-1856

Postal Inspector in Charge
Birmingham, AL 35202-2767

Postal Inspector in Charge
Boston, MA 02205-2217

Postal Inspector in Charge
Buffalo, NY 14203-2545

Postal Inspector in Charge
Charlotte, NC 28228-3000

Postal Inspector in Charge
Chicago, IL 60669-2201

Postal Inspector in Charge
Cincinnati, OH 45201-2057

Postal Inspector in Charge
Cleveland, OH 44101-0726

Postal Inspector in Charge
Denver, CO 80201-0329

Postal Inspector in Charge
Des Moines, IA 50302-0566

Postal Inspector in Charge
Detroit, MI 48232-3201

Postal Inspector in Charge
Fort Worth, TX 76101-1230

Postal Inspector in Charge
Harrisburg, PA 17105-9000

Postal Inspector in Charge
Pittsburgh, PA 15290-9000

Postal Inspector in Charge
Portland, OR 97205-2898

Postal Inspector in Charge
Richmond, VA 23260-5009

Postal Inspector in Charge
St. Louis, MO 63199-2201

Postal Inspector in Charge
St. Paul, MN 55164-2201

Postal Inspector in Charge
San Diego, CA 92112-2110

Postal Inspector in Charge
Hartford, CT 06101-2169

Postal Inspector in Charge
Houston, TX 77001-0902

Postal Inspector in Charge
Indianapolis, IN 46222-1669

Postal Inspector in Charge
Kansas City, MO 64141-1606

Postal Inspector in Charge
Pasadena, CA 91102-2000

Postal Inspector in Charge
Memphis, TN 38173-0180

Postal Inspector in Charge
Miami, FL 33152-0772

Postal Inspector in Charge
Milwaukee, WI 53201-0788

Postal Inspector in Charge
Newark, NJ 07101-5901

Postal Inspector in Charge
New Orleans, LA 70151-1690

Postal Inspector in Charge
New York, NY 10016-7801

Postal Inspector in Charge
Oakland, CA 94623-1005

Postal Inspector in Charge
Philadelphia, PA 19101-9000

Postal Inspector in Charge
Phoenix, AZ 85036-0666

Postal Inspector in Charge
San Francisco, CA 94188-2000

Postal Inspector in Charge
San Juan, PR 00936-9614

Postal Inspector in Charge
Seattle, WA 98111-4000

Postal Inspector in Charge
Tampa, FL 33622-2526

Postal Inspector in Charge
Washington, DC 20066-6096

Postal Inspector in Charge
Special Investigations Division
Washington, DC 20260-2112

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REMEMBER . . .

If you have information about—or if you have been a victim of—mail theft or mail fraud, contact the nearest office of the Postal Inspection Service.

Postal Inspector locations are provided on the following pages.

You'll be helping us to . . .

TAKE A BITE OUT OF CRIME®

Want More Information?

If you would like additional material about crime prevention, fill out this form and mail to:

Crime Prevention Coalition
P.O. Box 6600
Rockville, MD 20850-0635

CUT ON DOTTED LINE

- ☐ How to Crimeproof Your Home
- ☐ How to Be "Streetwise"—and Safe
- ☐ How to Protect Yourself Against Sexual Assault
- ☐ Senior Citizens Against Crime
- ☐ How to Prevent Rural Crime
- ☐ Youth and Crime Prevention: **YOU**th Can Make a Difference
- ☐ How Not to Get Conned
- ☐ Arson—How Not to Get Burned
- ☐ How to Crimeproof Your Business
- ☐ How to Protect Your Neighborhood
- ☐ How Your Organization Can Take Action Against Crime
- ☐ How to Protect Children

Name _____

Address _____

City _____ State _____ ZIP _____